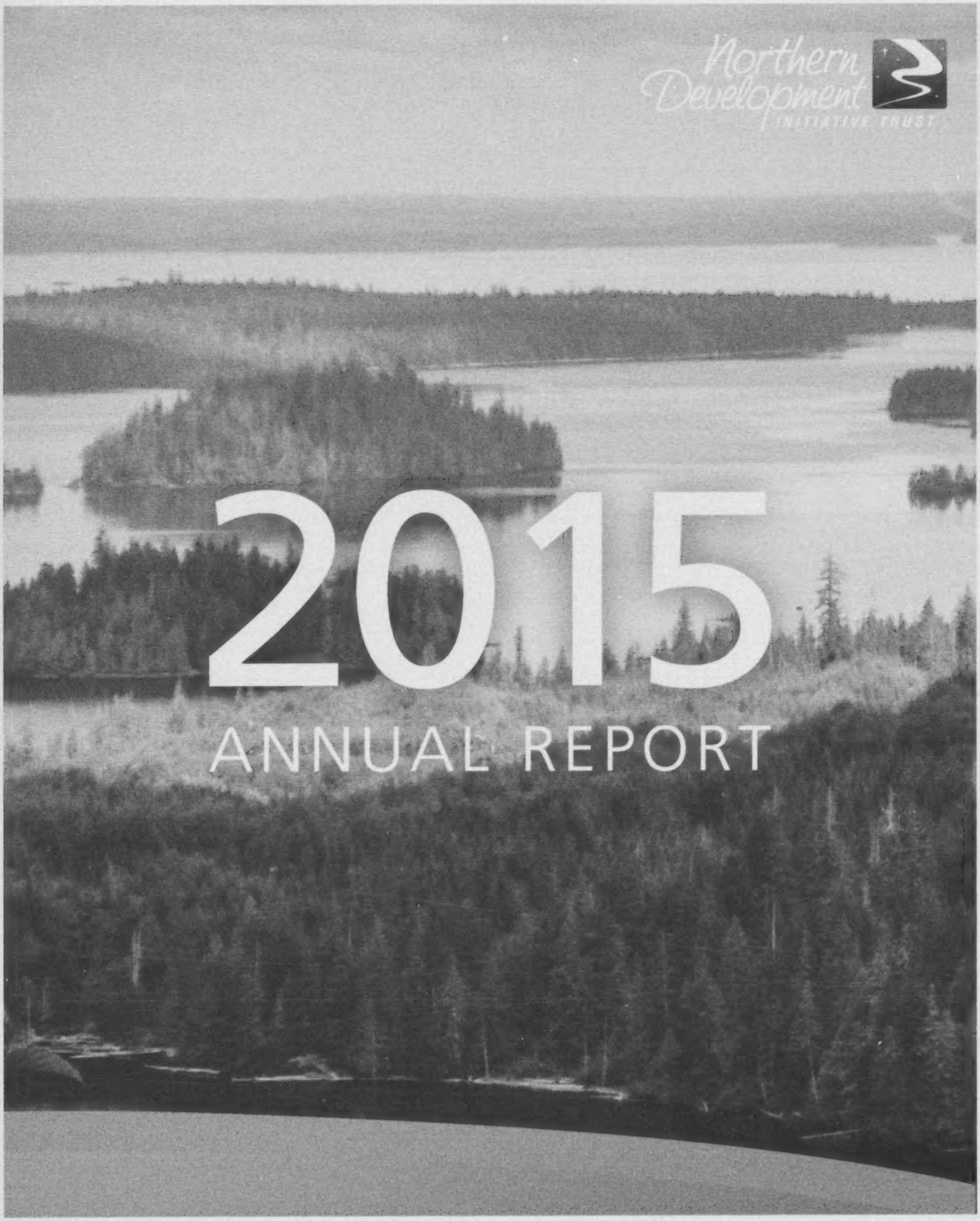
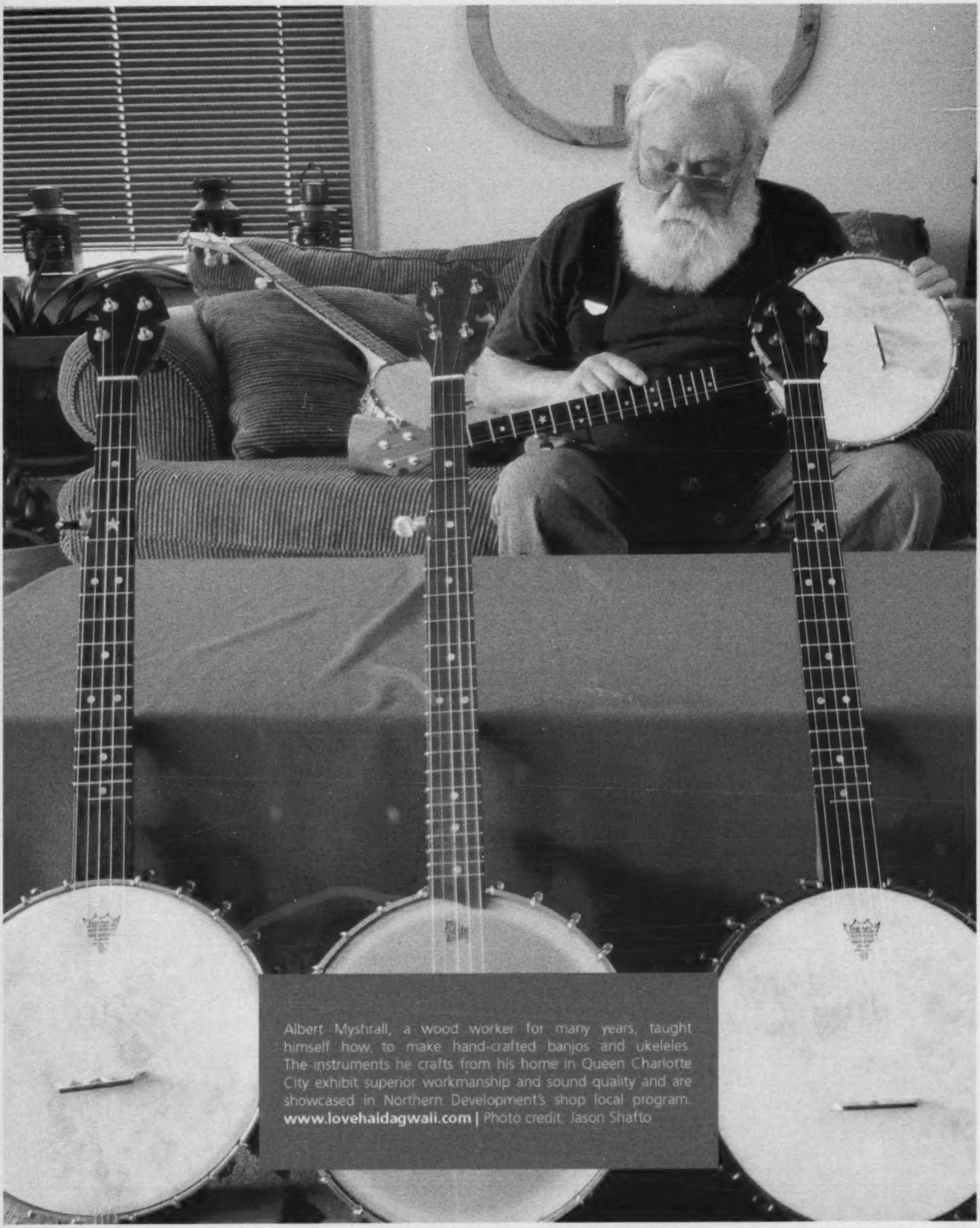
Northern Development
INITIATIVE TRUST



2015
ANNUAL REPORT



Albert Myshrall, a wood worker for many years, taught himself how to make hand-crafted banjos and ukeleles. The instruments he crafts from his home in Queen Charlotte City exhibit superior workmanship and sound quality and are showcased in Northern Development's shop local program. **www.lovehaidagwali.com** | Photo credit: Jason Shafto

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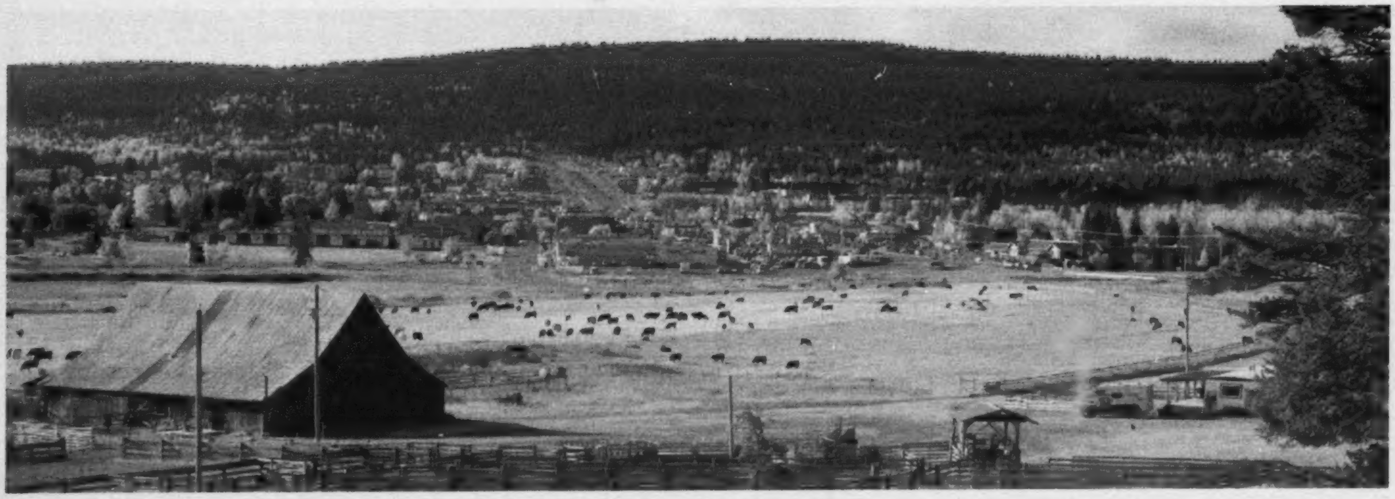
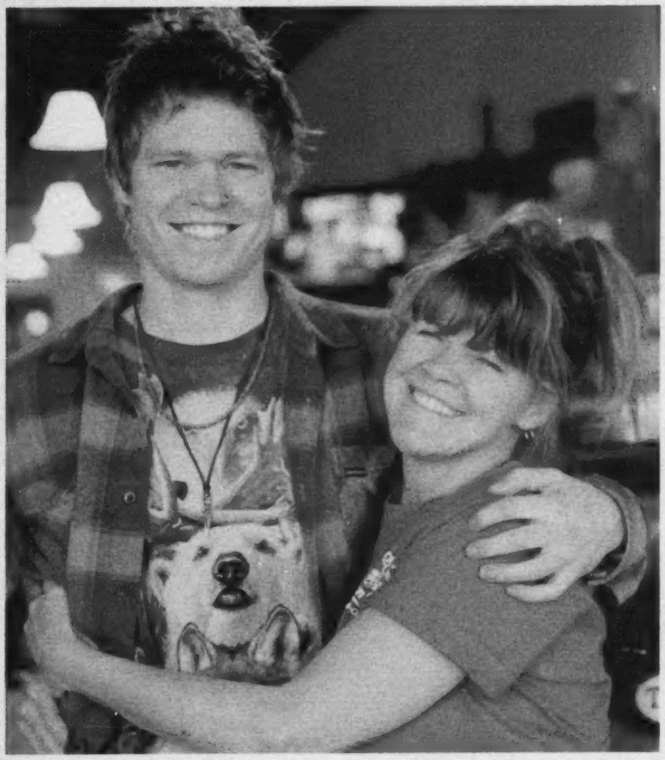
Cover photo: Haida Gwaii, northwest region Photo credit: Jason Shafto





ABOUT THE TRUST

FWE
WHERE SUCCESS HAPPENS
A decade of building a Stronger North

Top: 100 Mile House, Cariboo-Chilcotin/Lillooet region
Photo credit: Chris Harris

Left: Cindy Chappell is the owner of The Bean Counter in Williams Lake, a local icon that keeps a pulse on the community, and one of the local, independent businesses profiled on the Trust's shop local platform: **www.lovewilliamslake.com**
Photo credit: Rick Magnell

Right: The Forum for Women Entrepreneurs partnered with the Trust to develop and offer the Mentor North program, providing business leadership connections for 25 female entrepreneurs around the region, as well as the XL Your Business event showcasing business best practices from several panelists.
Photo credit: Forum for Women Entrepreneurs

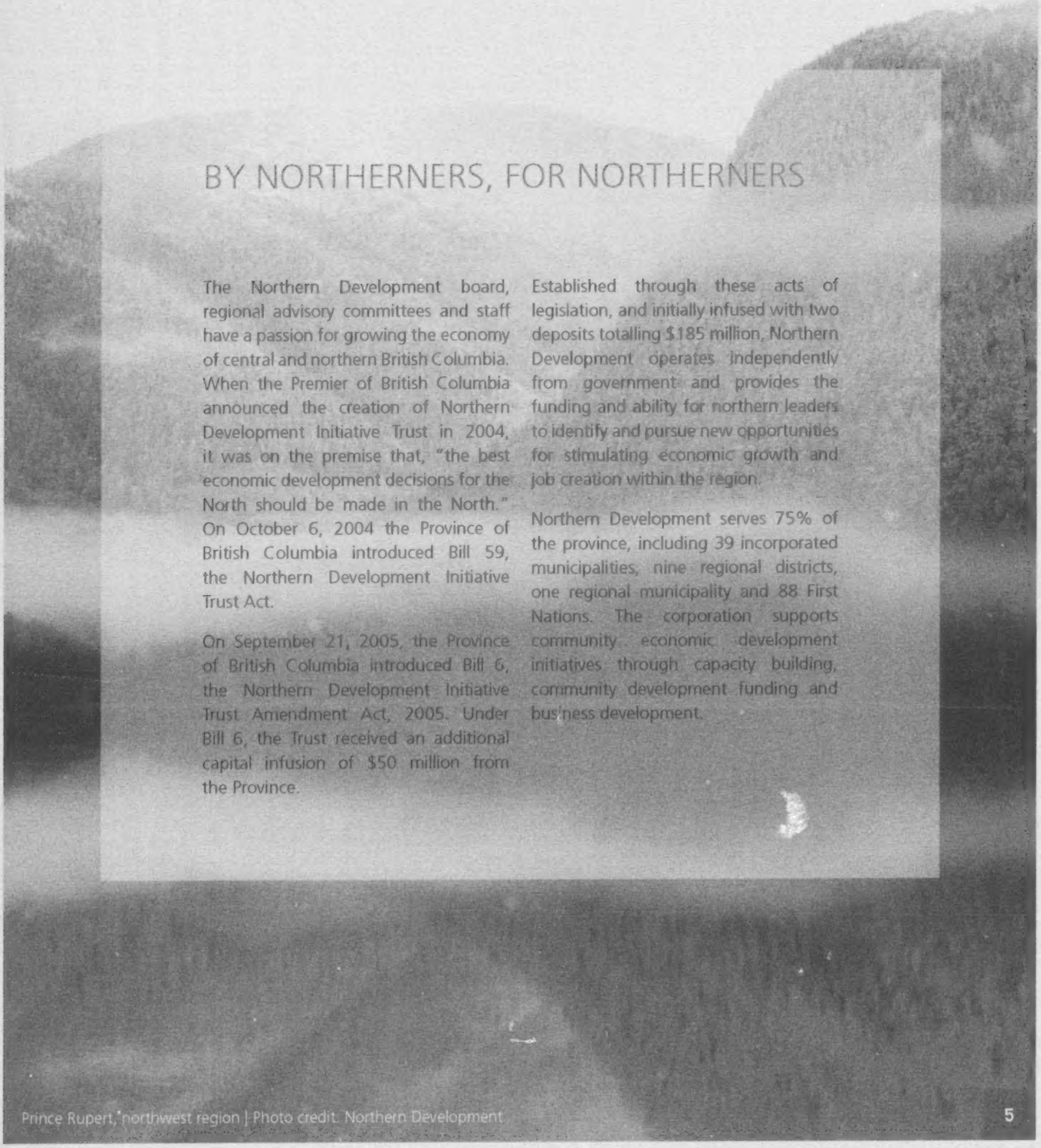
BY NORTHERNERS, FOR NORTHERNERS

The Northern Development board, regional advisory committees and staff have a passion for growing the economy of central and northern British Columbia. When the Premier of British Columbia announced the creation of Northern Development Initiative Trust in 2004, it was on the premise that, "the best economic development decisions for the North should be made in the North." On October 6, 2004 the Province of British Columbia introduced Bill 59, the Northern Development Initiative Trust Act.

On September 21, 2005, the Province of British Columbia introduced Bill 6, the Northern Development Initiative Trust Amendment Act, 2005. Under Bill 6, the Trust received an additional capital infusion of $50 million from the Province.

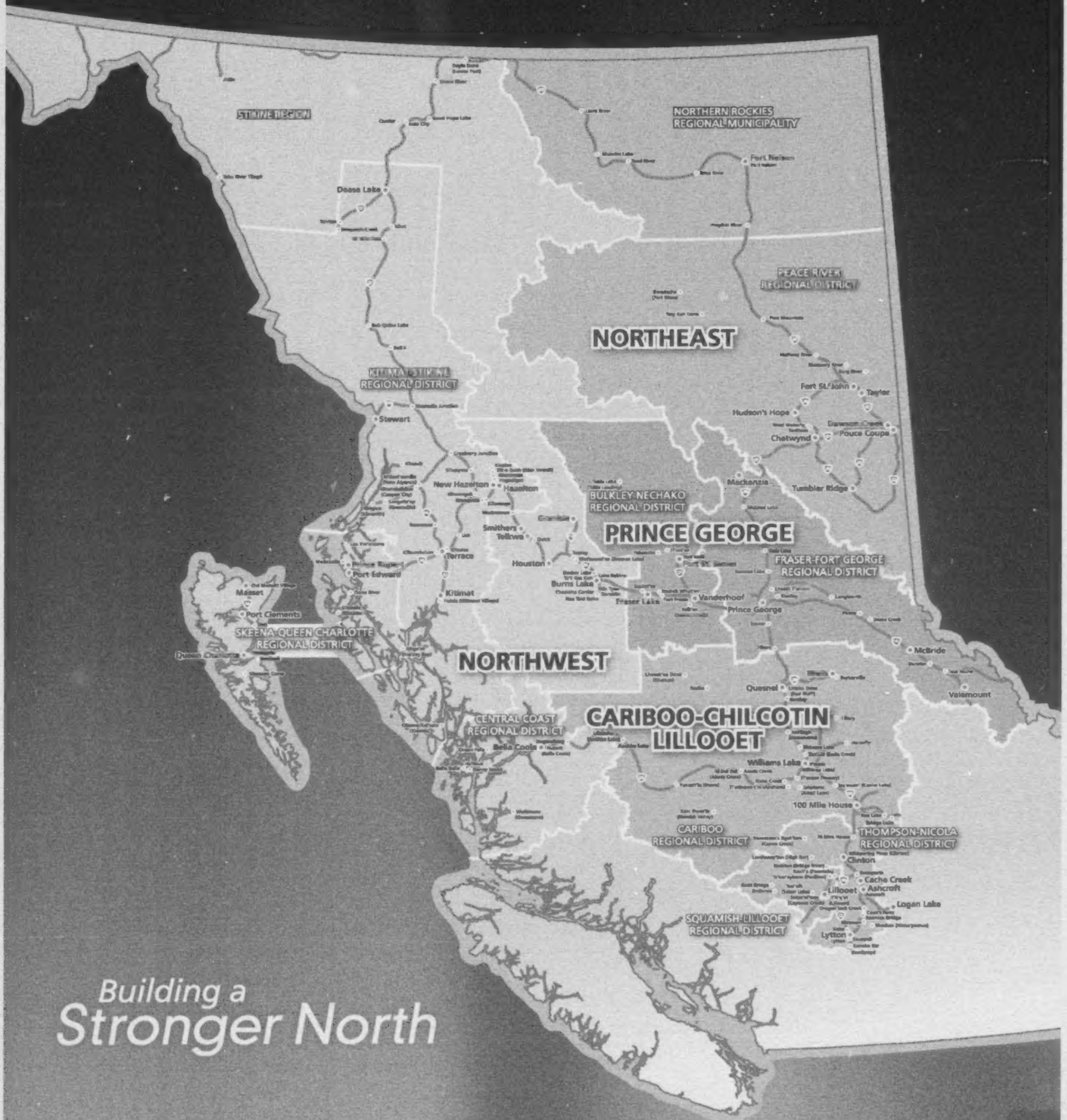
Established through these acts of legislation, and initially infused with two deposits totalling $185 million, Northern Development operates independently from government and provides the funding and ability for northern leaders to identify and pursue new opportunities for stimulating economic growth and job creation within the region.

Northern Development serves 75% of the province, including 39 incorporated municipalities, nine regional districts, one regional municipality and 88 First Nations. The corporation supports community economic development initiatives through capacity building, community development funding and business development.



Prince Rupert, northwest region | Photo credit: Northern Development

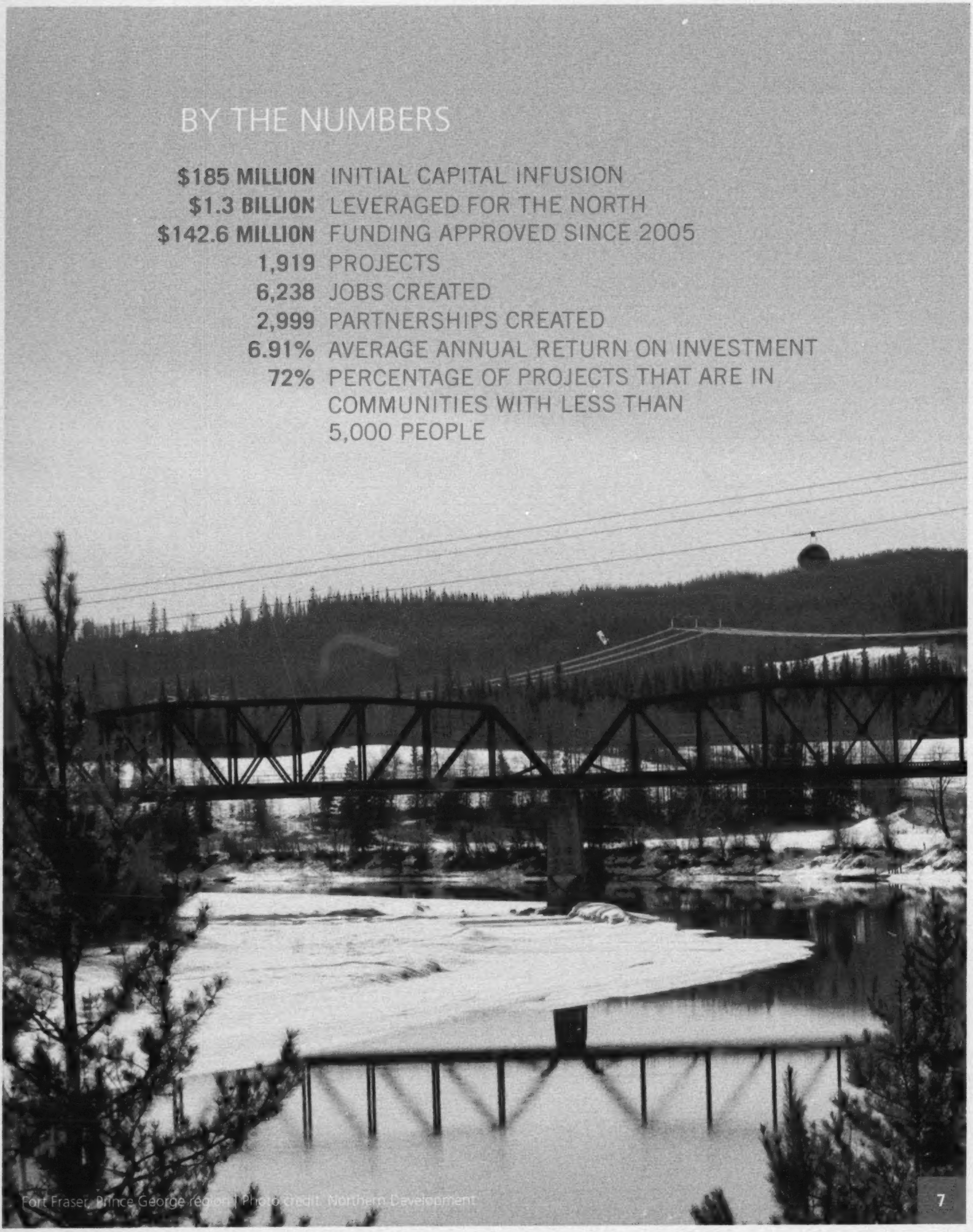
NORTHERN DEVELOPMENT SERVICE REGION


STIKINE REGION
NORTHERN ROCKIES REGIONAL MUNICIPALITY
Fort Nelson
Dease Lake
PEACE RIVER REGIONAL DISTRICT
NORTHEAST
KITIMAT-STIKINE REGIONAL DISTRICT
Stewart
Fort St. John
Taylor
Hudson's Hope
Dawson Creek
Pouce Coupe
Chetwynd
Mackenzie
Tumbler Ridge
New Hazelton
Hazelton
BULKLEY-NECHAKO REGIONAL DISTRICT
Granisle
PRINCE GEORGE
Smithers
Telkwa
Terrace
Prince Rupert
Port Edward
Houston
Burns Lake
Fort St. James
FRASER-FORT GEORGE REGIONAL DISTRICT
Kitimat
Masset
Port Clements
Vanderhoof
Fraser Lake
Prince George
SKEENA-QUEEN CHARLOTTE REGIONAL DISTRICT
Queen Charlotte
NORTHWEST
McBride
Valemount
Quesnel
CARIBOO-CHILCOTIN LILLOOET
CENTRAL COAST REGIONAL DISTRICT
Bella Coola
Williams Lake
100 Mile House
CARIBOO REGIONAL DISTRICT
THOMPSON-NICOLA REGIONAL DISTRICT
Clinton
Cache Creek
Ashcroft
Lillooet
Logan Lake
SQUAMISH-LILLOOET REGIONAL DISTRICT
Lytton

Building a
Stronger North

BY THE NUMBERS

$185 MILLION	INITIAL CAPITAL INFUSION
$1.3 BILLION	LEVERAGED FOR THE NORTH
$142.6 MILLION	FUNDING APPROVED SINCE 2005
1,919	PROJECTS
6,238	JOBS CREATED
2,999	PARTNERSHIPS CREATED
6.91%	AVERAGE ANNUAL RETURN ON INVESTMENT
72%	PERCENTAGE OF PROJECTS THAT ARE IN COMMUNITIES WITH LESS THAN 5,000 PEOPLE



Fort Fraser, Prince George region | Photo credit: Northern Development

OUR MISSION

The Trust exists to stimulate economic growth through strategic and leveraged investments that build a strong and diversified economy in central and northern British Columbia.

OUR VALUES

We strive to be trusted for our:

- Integrity
- Accountability
- Collaboration
- Passion

We are responsive, yet responsible.

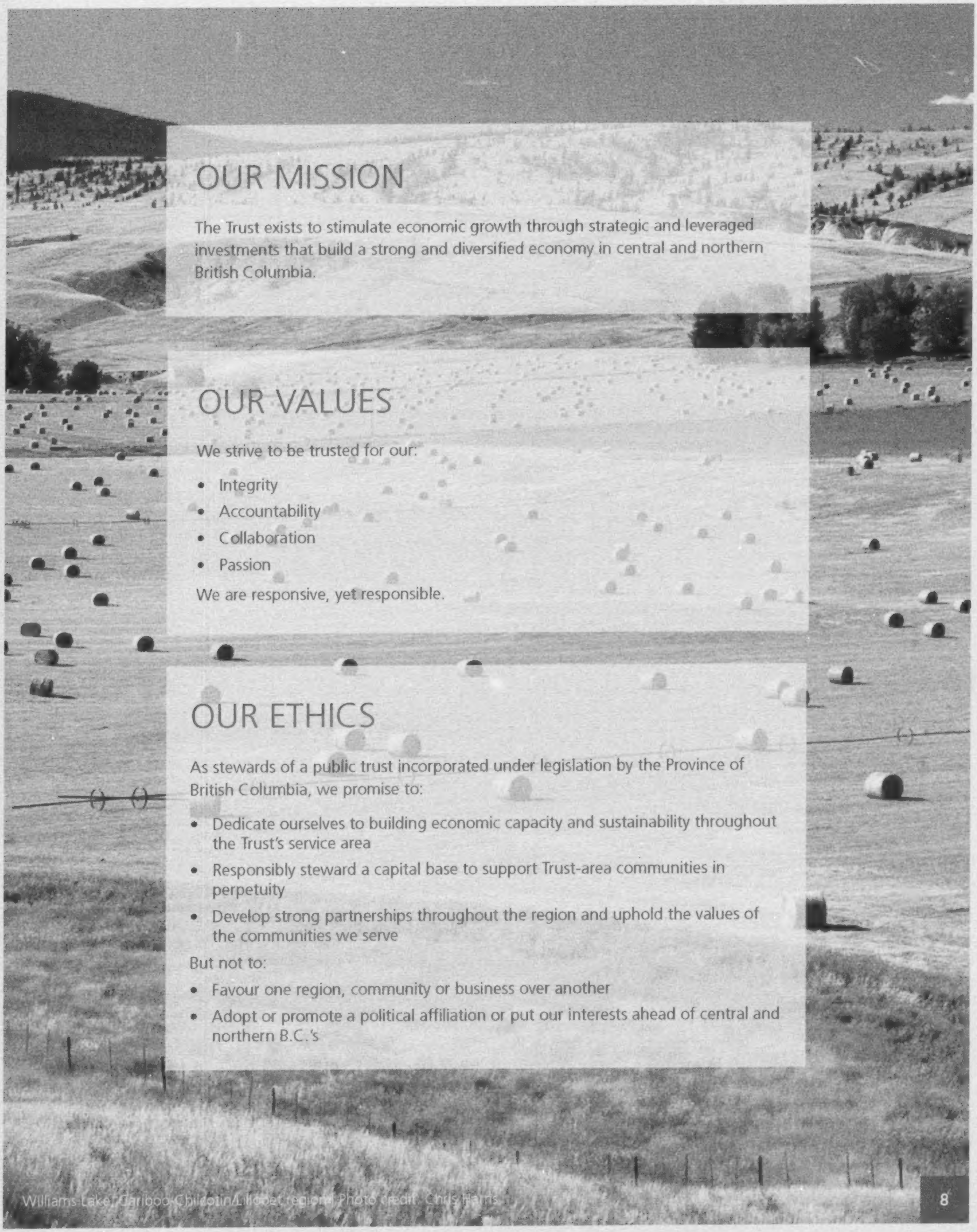
OUR ETHICS

As stewards of a public trust incorporated under legislation by the Province of British Columbia, we promise to:

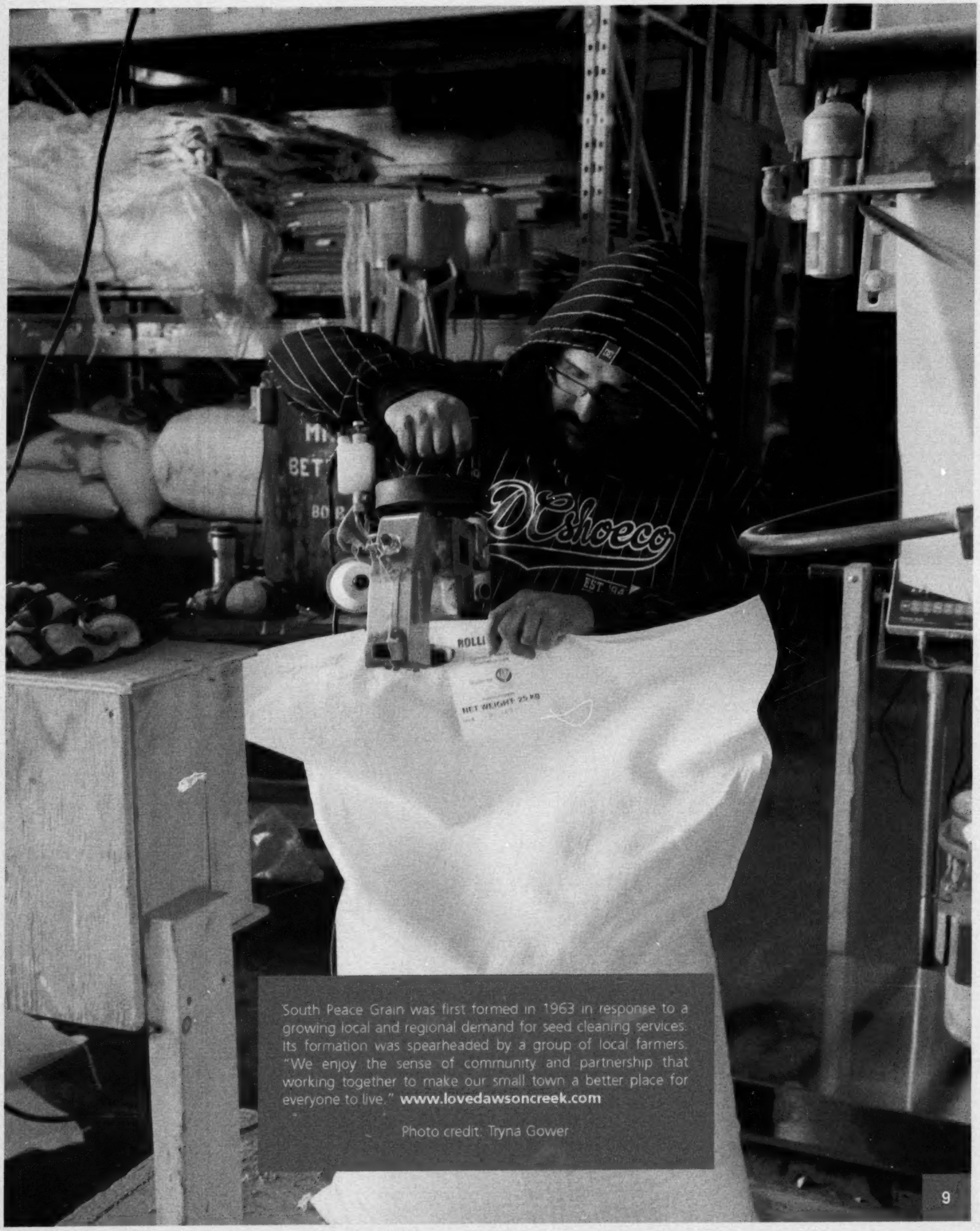
- Dedicate ourselves to building economic capacity and sustainability throughout the Trust's service area
- Responsibly steward a capital base to support Trust-area communities in perpetuity
- Develop strong partnerships throughout the region and uphold the values of the communities we serve

But not to:

- Favour one region, community or business over another
- Adopt or promote a political affiliation or put our interests ahead of central and northern B.C.'s



Williams Lake, Cariboo-Chilcotin/Lillooet region | Photo credit: Chris Harris



South Peace Grain was first formed in 1963 in response to a growing local and regional demand for seed cleaning services. Its formation was spearheaded by a group of local farmers. "We enjoy the sense of community and partnership that working together to make our small town a better place for everyone to live." **www.lovedawsoncreek.com**

Photo credit: Tryna Gower

Northern Development INITIATIVE TRUST
Northern Development INITIATIVE TRUST
er North

Northern Development CEO Janine North and board chair Evan Saugstad recognizing a decade of Trust successes.
Photo credit: Northern Development

MESSAGE FROM THE CHAIR AND CEO

Evan Saugstad
board chair

Janine North
chief executive officer

2015 marked the Trust's 10th year of operations and another record year of funding approvals, project investments and innovative approaches to strengthening our communities and economy. In 2015, Northern Development approved $21.2 million in funding, which included $6.8 million for the Province of British Columbia's Connecting B.C. program, as well as $14.4 million in grant funding from the Trust's accounts and other programs. In comparison, the Trust approved $10.4 million in 2014, which was a record-breaking year when compared with 2013. The Trust's 10th anniversary also saw a record number of project approvals, totalling 385, which represented a 28.8% increase when compared with 2014.

So how does the Trust continue to exceed its goals annually? The answer is at the core of our strategic plan:

1. Sustainable funding streams with a "get to yes" approach to project investments
2. Capacity building that builds partnerships and collaboration with the communities we serve
3. Best practices that drive continuous improvement and create efficient business systems

For a decade, Northern Development's board, regional advisors and staff have combined their passion for the region we call home with a focus on collaboration to create a sustainable organization with a single goal: to build a stronger north. The Trust is the catalyst that brings these partners together to respond to the region's needs and responsibly steward a capital base that exceeds $235 million. In short, Northern Development has become responsibly responsive thanks to the leadership and vision of the communities it serves.

As of December 31, 2015, Northern Development had approved $143 million in funding for 1,919 projects since the Province of British Columbia created the Trust in 2005. Since the beginning, the Trust's capital base has been managed sustainably, which means only a portion of its capital base equivalent to its long term annual investment returns is granted out each year. Northern Development's responsible stewardship of that capital base has generated an annual average return on investment of 6.9% since 2005. That has meant, since inception, that the Trust has been able to approve 77% of its original $185 million capital base while also growing it at the same time.

As of December 31, 2015, Northern Development's capital base totalled $238 million, which, if adjusted for inflation since 2005, means the Trust's capital base has a slightly higher purchasing value today than it did in 2005. That success is proof that the North has the sophistication and expertise to responsibly and sustainably chart its own future, and is a testament to the Province of British Columbia's faith in our region's leadership when it created the Trust in 2005.

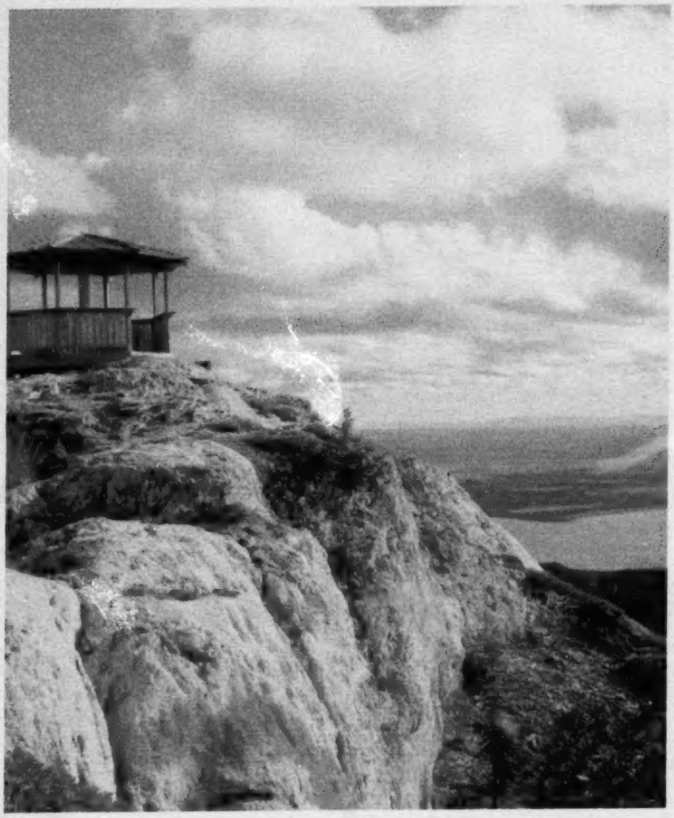
In 2015, the Trust embarked on a number of major new initiatives while continuing to find new success with its regular suite of programs. For the first time in its history, the Trust delivered a funding program – Connecting B.C. – that served rural communities across British Columbia not just those in its service area. The program was a partnership between the Trust and the Ministry of Technology, Innovation and Citizen Services to deliver up to $10 million in funding for rural and remote Internet connectivity in a two year period. The Trust was responsible for the administration of the program, leveraging its proprietary Catalyst project management software to efficiently work with partners and proponents, and administer funds that provide B.C.'s most remote regions with reliable access to the Internet for the first time.

2015 also marked the Trust's first investments in Northern B.C.'s creative economy with the launch of its Fabulous Festivals and Events program. The program provides up to $2,500 grants for signature hallmark festivals and events that attract destination tourists to communities throughout the region – it's a small grant that makes a big difference for non-profit organizations that struggle every year to access funding support. The program was launched in September and quickly became one of the Trust's most popular funding programs. As of December 31, 2015, the Trust had provided support to 16 festivals and events throughout the region including Music on the Mountain in Fort St. James, the Robson Valley Heritage Festival, the Atlin Arts and Music Festival and the Chetwynd International Carving Competition.

Meanwhile, Northern Development's Small Town Love shop local program grew to new heights in 2015, becoming the largest buy local campaign in Canada and possibly North America. The program grew to include 27 communities by the end of 2015, and featured more than 1,200 unique, independent businesses and the entrepreneurs who call our communities home. The program will continue to expand in 2016, providing a marketing "hand up" to the businesses that are diversifying our local economy through ingenuity and innovation.

In 2015, the Trust managed 13 distinct funding programs and a host of capacity building services that continue to provide crucial support to 49 local governments and 88 First Nations in an area that encompasses 75% of B.C. The board's decision to combine community funding allocations in the Northwest, Prince George and Cariboo-Chilcotin Lillooet regions in 2012 continued to generate investment results for the region the Trust serves. Between 2013 and 2015 the Trust approved 296 projects and $14.3 million in funding through its combined regional accounts compared with 92 projects and an average of $2.9 million in funding each year between 2010 and 2012 before the accounts were combined. The combined accounts resulted in a 60% increase in funding approvals to $2.77 million for the Cariboo-Chilcotin Lillooet region between 2013 and 2015 compared with 2010 and 2012, a 77% increase in funding approvals to $3.4 million for the Northwest region, a 91% increase in funding approvals to $4.5 million in the Prince George region and an 81% increase in funding approvals in the Northeast region for the same period. The increase in project approvals meant the Trust was able to support more airport, marina and community infrastructure expansions throughout the region, helping communities realize their goals, revitalize their downtowns and diversify their economies.

While we're proud of the Trust's performance over the last decade, it's important to remember that none of it would be possible without the people whose passion has made this organization a success – community leaders, regional advisors, staff, board members and community partners that work together every day to drive the organization toward a singular goal: to build a stronger north. After a decade, the Trust still has employees, board members and regional advisors who have served the organization since its inception – and continue to be passionate about its role in helping to build a stronger north. It's a rare compliment for an organization in the 21st Century to enjoy such deeply rooted passion and loyalty. We're proud of it because we know it's what will drive the Trust's success in its second decade.



GOVERNANCE

Top: Local government representatives joined guests for a special celebration of a decade of building a stronger north during the UBCM AGM and conference in Vancouver this Fall.
Photo credit: Northern Development

Left: Fort St. James, Mount Pope, Prince George region
Photo credit: Northern Development

Right: Four years ago Jodi Ballinger decided to combine her two passions for design and creativity and turn them into a business and The Dandelion Bucket was born. Her business is featured on our shop local platform, **www.lovequesnel.com**
Photo credit: Amanda Kirsh

BOARD OF DIRECTORS

Northern Development Initiative Trust's 13-member board of directors consists of eight elected local government officials appointed by the four regional advisory committees, and five regional business leaders appointed by the Province of British Columbia. All 13 directors must be residents of the Northern Development region. The board is committed to upholding Northern Development's strategic direction, policy decisions and effectiveness, while being transparent and open to the residents of the region. The board meets quarterly and as required. The Trust's board is subject to change each year based on the term of appointments, selection at the Regional Advisory Committee level and local government elections. As a result, some members of the Trust's board from 2015 are no longer on the board.

Northern Development's board of directors in 2015 consisted of:

Elected leaders appointed by Regional Advisors:

Lori Ackerman
mayor
Fort St. John
northeast region

Mitch Campsall
mayor
100 Mile House
Cariboo-Chilcotin/Lillooet region

Rob MacDougall
mayor
District of Fort St. James
Prince George region

Michael Racz
director
Skeena-Queen Charlotte Regional District
northwest region

Bill Streeper
mayor
Northern Rockies Regional Municipality (Fort Nelson)
northeast region

Luke Strimbold
mayor
Village of Burns Lake
northwest region

Gerry Thiessen
mayor
District of Vanderhoof
Prince George region

Sally Watson
director
Thompson Nicola Regional District
Cariboo-Chilcotin/Lillooet region

Business leaders appointed by the Province of British Columbia

Wendy Benyk
provincial appointee
northwest Region

Thomas Hoffman
provincial appointee
Cariboo-Chilcotin/Lillooet region

Evan Saugstad
chair
provincial appointee
northeast region

Daniel Schilds
provincial appointee
northeast region

Gerald Wesley
vice-chair
provincial appointee
northwest region

REGIONAL ADVISORY COMMITTEES

Four regional advisory committees also advise the Northern Development board. Each regional advisory committee elects a chair and vice chair, and also elects two members to join the board. The four regional advisory committees are comprised of 67 locally elected leaders. Regional advisors meet quarterly to review funding applications, policy recommendations, strategic plans and to discuss regional economic development issues. Local and regional intelligence, a low level of bureaucracy and a strong focus on engaging communities as partners enable Northern Development's highly effective funding delivery model.

2015 Cariboo Chilcotin/Lillooet Regional Advisory Committee (RAC) Members

Director Sally Watson
Thompson Nicola Regional District
RAC chair

Mayor Mitch Campsall
District of 100 Mile House
RAC vice-chair

Director Dylan Cash
Cariboo Regional District

Mayor Walt Cobb
City of Williams Lake

Director Debbie Demare
Squamish-Lillooet Regional District

Mayor Margaret Lampman
District of Lillooet

Mayor Jessoa Lightfoot
Village of Lytton

Director Mickey Macri
Squamish-Lillooet Regional District

Mayor John Ranta
Village of Cache Creek

Director Steve Rice
Thompson-Nicola Regional District

Mayor Jim Rivett
Village of Clinton

Mayor Robin Sharpe
District of Wells

Mayor Bob Simpson
City of Quesnel

Councillor Alf Trill
Village of Ashcroft

Director Margo Wagner
Cariboo Regional District

Councillor Gary Youd
District of Logan Lake

Donna Barnett
Cariboo South MLA

Coralee Oakes
Cariboo North MLA

Jackie Tegart
Yale Lillooet MLA

Thomas Hoffman
Northern Development
provincial appointee

2015 Northeast Regional Advisory Committee (RAC) Members

Mayor Lori Ackerman
City of Fort St. John
RAC chair

Mayor Bill Streeper
Northern Rockies Regional Municipality
RAC vice-chair

Councillor Mike Caisley
District of Tumbler Ridge

Mayor Rob Fraser
District of Taylor

Director Karen Goodings
Peace River Regional District

Director Leonard Hiebert
Peace River Regional District

Mayor Gwen Johansson
District of Hudson's Hope

Mayor William Plowright
Village of Pouce Coupe

Councillor Mark Rogers
City of Dawson Creek

Director Dan Rose
Peace River Regional District

Director Bradley Sperling
Peace River Regional District

Councillor Laura Weisgerber
District of Chetwynd

Mike Bernier
Peace River South MLA

Pat Pimm
Peace River North MLA

Evan Saugstad
Northern Development
provincial appointee

Danny Schilds
Northern Development
provincial appointee

2015 Northwest Regional Advisory Committee (RAC) Members

Mayor Taylor Bachrach
Town of Smithers
RAC chair

Mayor Carol Leclerc
City of Terrace
RAC vice-chair

Councillor Ellen Cranston
Village of Queen Charlotte

Mayor Galina Durant
District of Stewart

Director Mark Fisher
Regional District of Bulkley-Nechako

Mayor Philip Germuth
District of Kitimat

Mayor Gail Lowry
District of New Hazelton

Mayor Dave MacDonald
District of Port Edward

Mayor Alice Maitland
Village of Hazelton

Mayor Linda McGuire
Village of Granisle

Councillor Blair Mirau
City of Prince Rupert

Councillor Annette Morgan
Village of Telkwa

Councillor Charleen O'Brien Anderson
Village of Port Clements

Councillor Barry Pages
Village of Masset

Councillor Dawn Potvin
District of Houston

Director Michael Racz
Skeena-Queen Charlotte Regional District

Director Ted Ramsey
Regional District of Kitimat-Stikine

Director Alison Sayers
Central Coast Regional District

Mayor Luke Strimbold
Village of Burns Lake

Robin Austin
Skeena MLA

Doug Donaldson
Stikine MLA

Jennifer Rice
North Coast MLA

Wendy Benyk
Northern Development
provincial appointee

Gerald Wesley
Northern Development
provincial appointee

2015 Prince George Regional Advisory Committee (RAC) Members

Mayor Gerry Thiessen
District of Vanderhoof
RAC chair

Chair Art Kaehn
Regional District of Fraser Fort-George
RAC vice-chair

Mayor Pat Crook
District of Mackenzie

Mayor Lyn Hall
City of Prince George

Mayor Dwayne Lindstrom
Village of Fraser Lake

Mayor Rob MacDougall
District of Fort St. James

Mayor Loranne Martin
Village of McBride

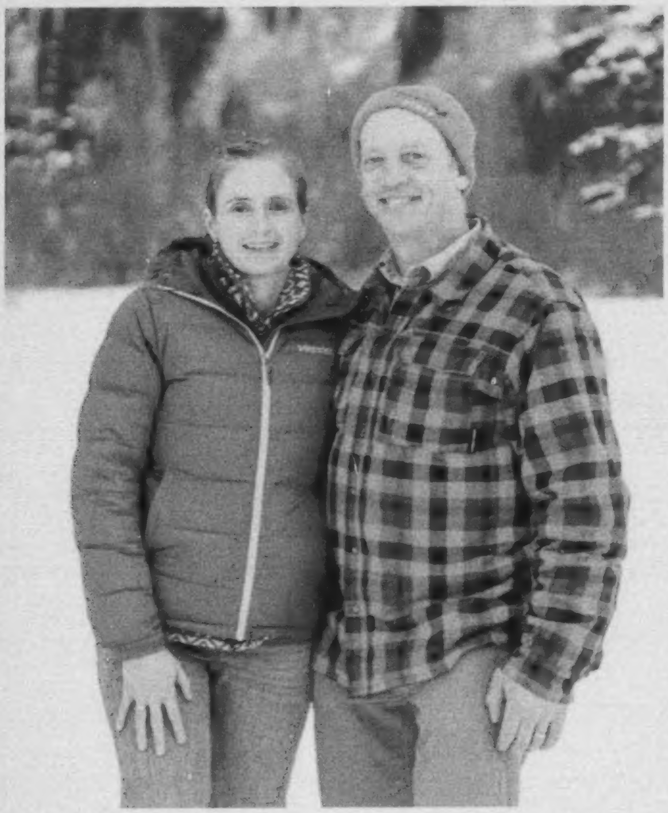
Chair Bill Miller
Regional District of Bulkley-Nechako

Mayor Jeannette Townsend
Village of Valemount

Shirley Bond
Prince George-Valemount MLA

Mike Morris
Prince George-Mackenzie MLA

John Rustad
Nechako Lakes MLA



FINANCIAL OVERVIEW

Top: northeast region. Photo credit: Val Utgaren

Left: Not only do Hiedi and Jim Salisbury get to enjoy breathtaking views every day, they get to meet people from all over the world. However, what they love most is the locals they get to deal with. Learn more about Powder King Mountain Resort on our shop local platform **www.lovemackenzie.com** Photo credit: Tanya Peterson

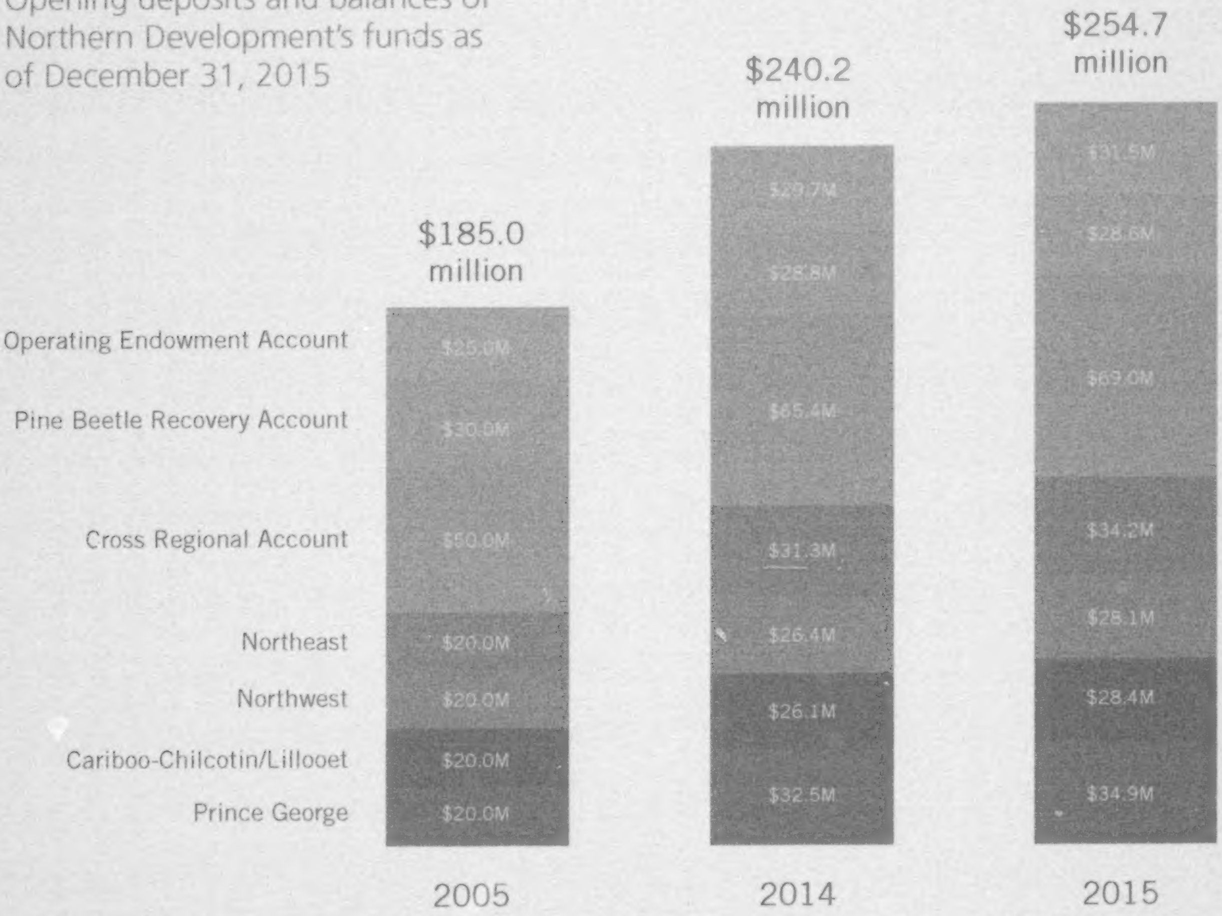
Right: Favourable winds were blowing for marine tourism along B.C.'s North Coast this year as two projects got underway that will help diversify the local economy, with $270,000 in funding from the Trust. | Photo credit: City of Prince Rupert

Northern Development's initial capital infusion totalled $185 million from the Province of British Columbia by way of the Northern Development Initiative Trust Act in the fall of 2004 and amended Act in 2005. The capital was divided into seven accounts, including $20 million accounts for each of the Trust's regional development areas: the Cariboo-Chilcotin/Lillooet, Northeast, Northwest and Prince George regions. These accounts are used to support investment in each designated region via Northern Development's funding programs.

In addition to the four Regional Development Accounts, a Cross Regional account, for projects that have positive economic impact across regional boundaries, was seeded with $50 million. As well, a Pine Beetle Recovery account was also created with $30 million. It is designed to support economic diversification in areas affected by the Mountain Pine Beetle epidemic.

Finally, an Operating Endowment Account was infused with $25 million, and the investment income from this account funds Northern Development's annual operating budget, which includes staff, board and regional advisory committee costs.

Opening deposits and balances of Northern Development's funds as of December 31, 2015



Since 2005, Northern Development's board and regional advisors have stewarded the capital base sustainably to ensure it continues to generate economic benefits for communities and the region for years to come. As a result, the Trust's accounts are invested in a balanced portfolio of equity and fixed income instruments with Mawer Investment Inc. Northern Development's Statement of Investment Policies and Procedures governs how the Trust handles investments, its mix of assets, performance goals for each asset and prohibitions. The asset mix consists of two types of fixed-income, two types of equities, and a fifth asset class held as cash equivalent.

These investments generate an annual return on the capital base. Since 2005, Northern Development's annual return on its investment has averaged 6.91%. Each year, Northern Development reviews the balance in each of its funding accounts, less commitments, and calculates an annual grant ceiling for each account. That grant ceiling is the annual amount of money the Trust can disburse each year in the form of grants to support economic development projects, while also ensuring the capital base remains sustainable.

In 2015, the annual grant ceiling was increased to 7% from 5% in an effort to get more funding into communities throughout the region and reflect the Trust's average annual return on its investments since inception. That increase meant Northern Development approved $21.2 million in grants in 2015 (which includes $6.8 million for Connecting BC), a significant increase when compared with the $10.4 million in total grants approved in 2014.

For more information on Northern Development investments and account balances, please see the detailed account information provided on pages 67-71 of this report.

12%

Northern Development's annual return on investment in 2015

$21.2 MILLION

the total amount of funding approved in 2015 (including $6.8 million for Connecting BC projects)

30%

the increase in funding approvals in the Prince George region in 2015 compared with 2014 ($1.6 million total)

13%

the increase in funding approvals in the Northwest region in 2015 compared with 2014 ($1.4 million total)

38%

the increase in funding approvals in the Cariboo-Chilcotin/Lillooet region in 2015 compared with 2014 ($1.4 million total)

10%

the decrease in funding approvals in the Northeast region in 2015 compared with 2014 ($1.5 million total)

STRATEGIC PLAN AT A GLANCE

Top: Northern Rockies, northeast region
Photo credit: Northern Rockies Regional Municipality

Left: Upgrades to the Whiskey Jack Beatton Ski Park not only helped more residents enjoy the great outdoors, but also increased the Ski Club's membership and employed numerous local companies during the upgrading process.
Photo credit: Whiskey Jack Nordic Ski Club

Right: Franziska Cody took up pottery in 2006 when she moved from Germany to Canada. She loves the sense of belonging in Telkwa, and opened Art and Soul Gallery there in 2009.
Learn more at **www.lovetelkwa.com**
Photo credit: Michelle Gazely

Each year, Northern Development updates its ongoing three-year strategic plan to ensure the organization's staff, board and regional advisors understand the Trust's four core focus areas, goals for each focus area and desired outcomes. The strategic plan is a living document that serves as a guide to ensure the organization continues to focus on its mission and achieve its goal to continually build a stronger north.

The plan is publicly available and published on the Trust's corporate website at www.northerndevelopment.bc.ca.

	Goal	Desired Outcomes
Funding	**Communities have access to sustainable funding to support economic development initiatives.**	• The maximum funding available each year for communities is approved. • First Nations participation in programs is increased. • Programs are responsively developed and adapted to meet the needs of the region.
Capacity Building	**Communities have the resources and expertise to grow a resilient economy with engaged citizens.**	• Communities have access to an increased pool of candidates for local government succession. • The region and its communities gain positive profile and increase public engagement. • Communities are positioned to attract new business. • Collaborative partnerships maximize grant dollars flowing into communities.
Business Development	**Local businesses have the capability to grow.**	• Manufacturers, suppliers, and independently owned retail and service sector businesses grow their customer base, revenues, staffing and profitability.
Best Practices	**Northern Development is the leader in regional economic development.**	• Northern Development board and staff are highly trusted to steward the assets of the Trust. • Program delivery is responsive with continuous improvement and innovation.

ACHIEVEMENTS TO DATE

Northern Development Initiative Trust's primary goal is to, directly and through leveraged investment, attract between $1 and $2 billion of new investment into the communities it serves to aid in realizing their economic potential by 2020, and to steward a sustainable capital base of at least $185 million to continue investing in the region.

As of December 31, 2015, the Trust had approved $142.6 million in funding since its inception. That funding has been leveraged with funding from other sources to attract a combined $1.2 billion in new investment to the region since 2005, which met the Trust board's minimum threshold goal earlier than anticipated.

By the end of 2015, Northern Development had partnered with 2,999 funders on 1,919 projects since 2005. In 2015 alone, the Trust forged 487 new partnerships. Those partnerships have helped created new jobs across the region. To date 6,238 jobs have been created. There were 49 new jobs reported between all funding programs in 2015. By 2008, the Trust has worked with and invested in every community it serves. As well, independent businesses invested in 29.4% of all projects (564 of 1,919 total approved projects) as of December 31, 2015. This is 2.2% more than in 2014 and incorporates 137 new projects with private sector involvement that were approved in 2015.

In terms of project funding, Northern Development's continued focus on leveraging has helped ensure more funding dollars are attracted to the region each year to invest in projects and programs that strengthen the economy. Leveraging means the amount of money that an economic development project attracts in addition to the funding that Northern Development provides. Northern Development's goal is to leverage $2.50 in funding for every $1 the Trust provides for a project or program. The cumulative average since inception of the Trust is $1.00 from Northern Development to $7.99 from other sources, which far surpasses the $1.00 to $2.50 goal that the board originally established.

The Trust has also stewarded its capital base well through shifts in the economy. Since 2005, Northern Development's average annual return has been 6.91%. In 2015, the Trust's return on investment totalled 12%. These returns have exceeded benchmark indexes on both fixed income and equity investments, allowing Northern Development to increase its annual grant ceilings without dipping into its capital base. Cumulative return on investment is 67.16% from January 2005 to December 31, 2015.

Northern Development has also partnered with communities throughout the region to provide funding that supports the hiring of more community-based grant writers, who are then able to "shake the money tree" and find additional funding dollars for important projects. Since 2007, the Trust has provided support through this program 435 times, totalling $3.2 million in direct funding from Northern Development to ensure the region has increased grant writing capacity. In 2015, Northern Development provided funding for 56 grant writer positions, totalling $441,347 in incremental support.

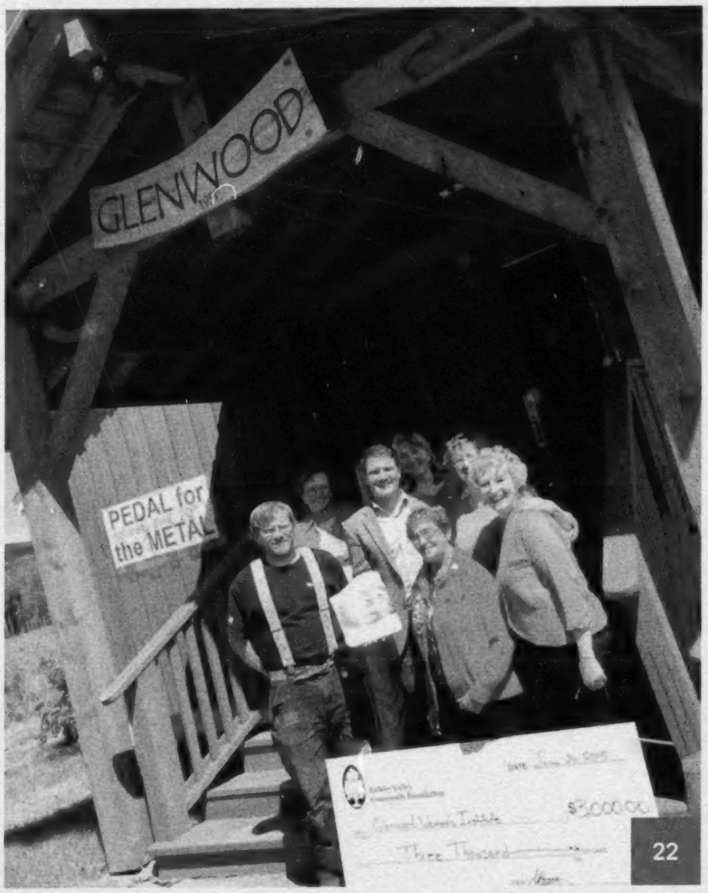
Northern Development
Stronger North
August 12th, 2015
City of Prince George, Masich Place Stadium
TWO HUNDRED - FIFTY THOUSAND DOLLARS
$250,000

PROGRAM DELIVERY

Top: Just about everyone in Vanderhoof has at least one fond memory of watching a movie and munching on popcorn at the Grand Reo Theatre. The Wallace's have been long-time Vanderhoof residents and say they wouldn't choose any other place to run a business. **www.lovevanderhoof.com** Photo credit: Kevin and Laurie Wallace

Left: A grant was approved for Masich Place Stadium in Prince George for upgrades that will improve the city's ability to host major sporting events, tournaments and championships. Photo credit: Northern Development

Right: Celebrating the reopening of Glenwood Hall in Smithers, which was revitalized with the help of a grant from Northern Development. Photo credit: Northern Development

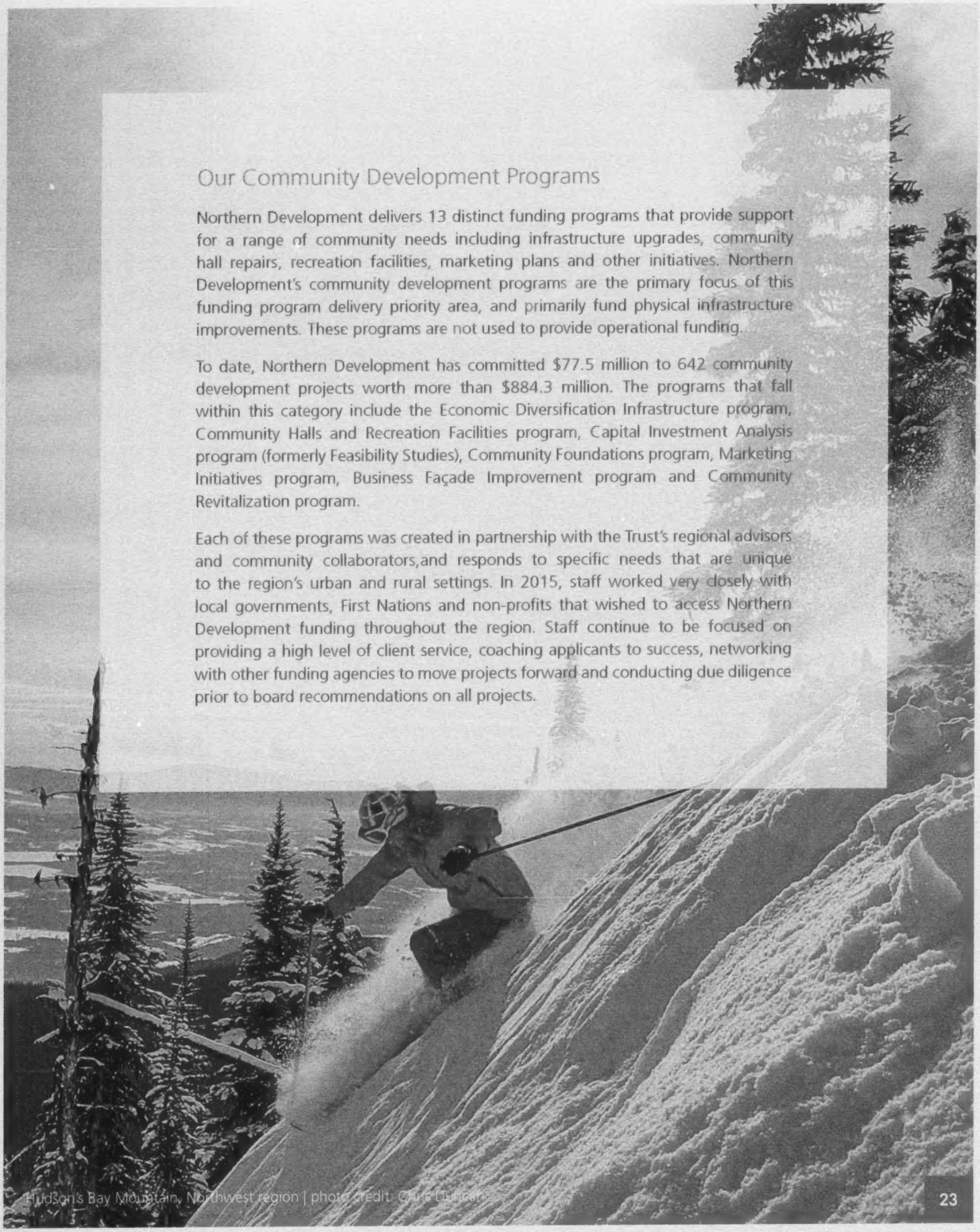

GLENWOOD
PEDAL for the METAL
$3000.00
Three Thousand

Our Community Development Programs

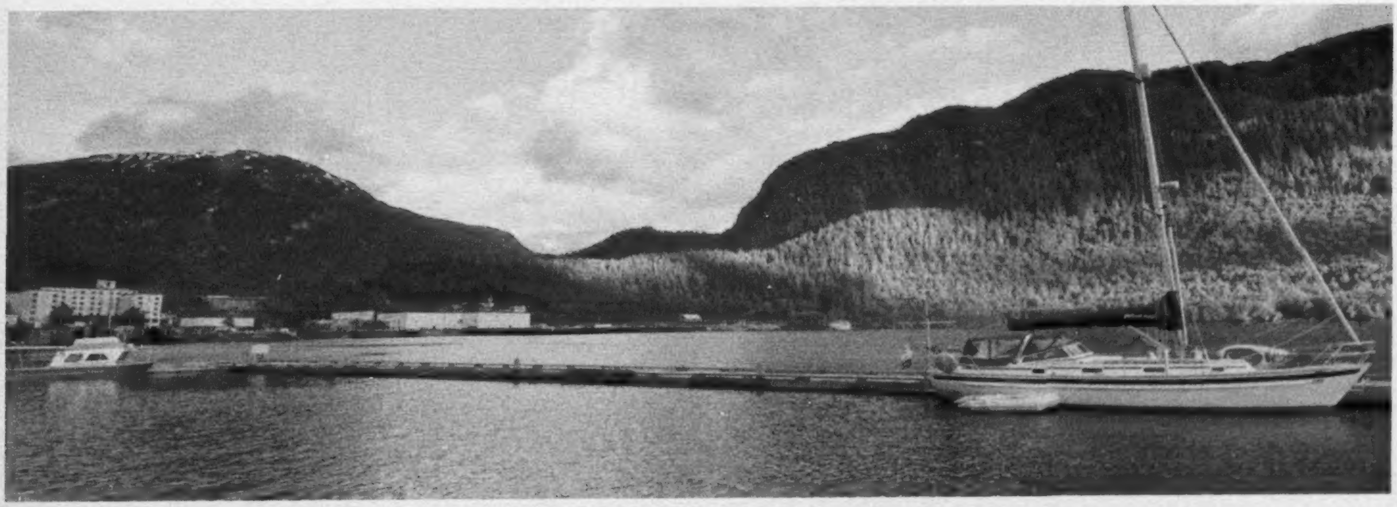
Northern Development delivers 13 distinct funding programs that provide support for a range of community needs including infrastructure upgrades, community hall repairs, recreation facilities, marketing plans and other initiatives. Northern Development's community development programs are the primary focus of this funding program delivery priority area, and primarily fund physical infrastructure improvements. These programs are not used to provide operational funding.

To date, Northern Development has committed $77.5 million to 642 community development projects worth more than $884.3 million. The programs that fall within this category include the Economic Diversification Infrastructure program, Community Halls and Recreation Facilities program, Capital Investment Analysis program (formerly Feasibility Studies), Community Foundations program, Marketing Initiatives program, Business Façade Improvement program and Community Revitalization program.

Each of these programs was created in partnership with the Trust's regional advisors and community collaborators,and responds to specific needs that are unique to the region's urban and rural settings. In 2015, staff worked very closely with local governments, First Nations and non-profits that wished to access Northern Development funding throughout the region. Staff continue to be focused on providing a high level of client service, coaching applicants to success, networking with other funding agencies to move projects forward and conducting due diligence prior to board recommendations on all projects.



Hudson's Bay Mountain, Northwest region | photo credit: Chris Duncan



Ocean Falls, northwest region | Photo credit: Alan Davey

ECONOMIC DIVERSIFICATION INFRASTRUCTURE PROGRAM

Northern Development's Economic Diversification Infrastructure program provides up to $250,000 in funding for municipalities, regional districts, First Nations and non-profit organizations in Northern Development's service area for projects that significantly strengthen the local economy via a major capital investment. The program specifically targets funding for public multi-use facilities or capital investments that drive revenue and job creation and provide a long-term asset for the community.

$250,000

the maximum grant available under the Economic Diversification Infrastructure program

$7.4 MILLION

the amount of funding awarded for the 20 economic diversification projects in 2015

$57.3 MILLION

the amount of funding approved for 152 economic diversification projects since 2005

SUCCESS STORY: SHOULDER TAPPERS PROGRAM CONNECTS STUDENTS WITH SKILLS TRAINING IN NORTHERN B.C.

> **Parents throughout B.C. want their kids to be set up for success. Shoulder Tappers will connect young people in the north with training opportunities they may not have considered – and set them on a path that can change their lives and their communities. I'm pleased we could partner with Northern Development to expand this program that will help keep our region and our province strong and growing.**
>
> Mike Bernier
> minister of education

Northern Development's Economic Diversification Infrastructure program was used to invest $3.6 million in skills training in 2015 through the region's innovative Shoulder Tappers program. The program means more students in B.C.'s north will connect with the skills and experience they need for the jobs of the future. The program was a partnership with the Province of British Columbia's Ministry of Education, which provided a further $1.3 million to support the program.

Shoulder Tappers are career coordinators or recruitment specialists who work one-on-one with elementary and secondary school students to point them in the right direction with greater mentorship and positive career input. The program is based on the successful Northern Opportunities partnership in northeast B.C., which started with a focus on skilled trades careers. It has now grown to include student access to technical, academic, and vocational courses such as aircraft engineering, heavy duty mechanics, information technology, early childhood education and others.

Between 2009 and 2012, Northern Opportunities' graduation rates for trades related programs was 80%, Aboriginal students in trades related courses had an 80% completion rate, and the completion rate for trades-related dual credit programs topped 82%. This is remarkably higher than for aboriginal students who are not participating in the programs.

The expanded $4.9 million program provided funding to 15 school districts throughout the Trust's service region over five years. Shoulder Tappers work closely with school districts, the Industry Training Authority, the Career Education Society, industry and other organizations to help students benefit from exposure to trades and technical training. They also help connect students with on-the-job experience, allowing them to graduate with dual credit toward advanced trades training.

The Province launched B.C.'s Skills for Jobs Blueprint in April 2014 to re-engineer education and training so British Columbians are first in line for the careers of tomorrow. Shoulder Tappers help meet this goal.

Shoulder Tappers are now working in the following districts: Peace River North Peace River South, Fort Nelson, Quesnel, Haida Gwaii, Prince Rupert, Bulkley Valley, Prince George, Coast Mountains, Stikine, Nechako Lakes Nisga'a, Cariboo-Chilcotin, Gold Trail and Central Coast. These school districts collectively educate more than 45,000 students.

Photo credit: Paul Alberts

"The Lakeside Multiplex is a wonderful addition to Burns Lake. Not only does it help support active and healthy living in our community, but it provides a gathering place that can be used by residents all year long. It will also have a great economic benefit to Burns Lake as we are able to promote more recreational and leisure amenities which will help attract new residents and visitors to our area".

Luke Strimbold, mayor,
Village of Burns Lake

Photo credit: Lakeside Multiplex

COMMUNITY HALLS AND RECREATION FACILITIES PROGRAM

Northern Development's Community Halls and Recreation Facilities program provides municipalities, regional districts, First Nations bands and registered non-profit organizations with up to 70% of a project's budget to a maximum of $30,000 in funding to improve or expand existing facilities in order to increase the number of events held annually in the community, contributing to service sector revenues in the local economy.

$30,000

the maximum grant available under the Community Halls and Recreation Facilities program

$1.65 MILLION

the amount of funding awarded for the 61 Community Halls and Recreation Facilities projects in 2015

$8.3 MILLION

the amount of funding approved for 234 Community Halls and Recreation Facilities projects since 2005

SUCCESS STORY: DUNSTER MUSEUM PROJECTS DRIVES TOURISM, WINS HERITAGE CONSERVATION AWARD

> **Without Northern Development this station would probably still be a shell.**
>
> Marion Cousineau
> president
> Dunster Community Association

Hundreds of people gathered in the rural community of Dunster in the Robson Valley August 1, 2015 to celebrate the town's centennial and the grand opening of the Dunster CN Station museum. The museum is housed in one of Canada's last remaining CN train stations from the early 20th Century, and once served as the only access route to the community before the highway was built. A century later, people of all ages from across the region gathered to reminisce about their Dunster memories – and make a few new ones. Northern Development provided a $30,000 grant through its Community Halls and Recreation Facilities program to help make the museum a reality. The Trust also worked actively with the project's grant writer to help the community access funding from other granting organizations, increasing the overall project size and investment in the community.

"Without Northern Development this station would probably still be a shell," said Marion Cousineau, president, Dunster Community Association, at the museum opening in August.

The museum now serves as a gathering place for the community, and also a new tourist attraction for visitors to the Robson Valley. In early 2016, the community was rewarded for its hard work when the association won a Heritage Conservation Award of Honour from Heritage B.C. for restoring the museum.

Photo credit: Dunster Community Association

Wells, Cariboo-Chilcotin/Lillooet region | Photo credit: Thomas Drasduskis

CAPITAL INVESTMENT ANALYSIS PROGRAM

Northern Development's Capital Investment Analysis continued to provide important financial support to help communities make investment decisions on shovel-ready projects. The program, which was formerly called the Feasibility Studies program, was recalibrated in 2014 to clarify the type of projects the Trust would provide funding for.

The Capital Investment Analysis program provides grant funding up to 50% of a project's budget to a maximum of $10,000, to local governments, First Nations bands and registered non-profits to help cover the cost of an advanced business case study that leads to a final investment decision for a major capital infrastructure project. In other words, the program is designed to fund the development of analysis that directly leads to investment, rather than reports that sit on shelves.

In 2015, the Trust approved funding to support analysis of further development of the Chief William RV Campsite in Williams Lake, forestry rejuvenation in the Northern Rockies Regional Municipality, facility enhancements at the Quesnel Technics Gymnastics Club, upgrades to the Lillooet municipal airport and the relocation of the Bralorne museum. These studies support better decision making in communities throughout the region, allowing them to get to "yes" on investments that help ensure sustainability and diversification in their communities.

$10,000

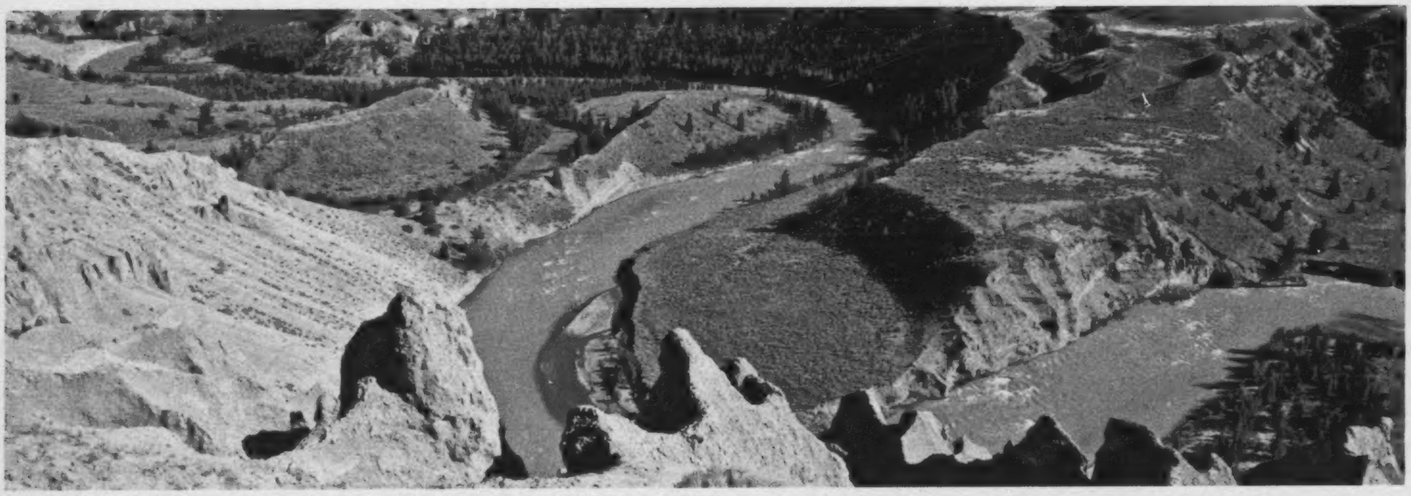
the maximum grant available under the Capital Investment Analysis program

$52,230

the amount of funding awarded for the seven Capital Investment Analysis projects in 2015

$1.6 MILLION

the amount of funding approved for 67 Capital Investment Analysis projects since 2005



Farwell Canyon, Cariboo-Chilcotin/Lillooet region | Photo credit: Chris Harris

COMMUNITY FOUNDATION MATCHING GRANTS PROGRAM

Northern Development's Community Foundation Matching Grants program is designed to put the power of broad-based local investment back into community hands. The program provides all municipalities or regional district electoral areas with up to $50,000 in matching funding to establish a dedicated endowment within a registered community foundation. That means the Trust will provide up to $25,000 in matching funds each year for two years to help rural and remote municipalities establish community foundations.

Why? Because it's another way the Trust can leverage its financial capacity to create other endowment funds throughout the region that independently provide important grants in rural and remote communities. Community foundations are an important part of the sustainable social fabric of our region's communities, providing grants to support arts and culture programs, health, education and social initiatives that promote strong, healthy populations.

In 2015, the Trust approved $75,000 in grants to help establish two more community foundations in the region. These funds were used to establish a community foundation for Pouce Coupe. The municipality accessed the full $50,000 in funding in the first year with a plan to create a dedicated endowment within the Northeast Regional Community Foundation to support community garden and park projects, after school programming for youth at risk and additional recreation space for youth such as a skateboard park.

Also in 2015, the Trust approved $25,000 to further expand the Fort St. James Community Foundation. The Trust had previously approved $25,000 to support the establishment of the foundation, which, over time, is being expanded to provide gap funding to support programs and initiatives that improve the health and wellness of the residents of Fort St. James.

Since 2005, the Trust has approved $1.6 million in funding to establish and help grow more than 35 community foundations throughout central and northern B.C.

$50,000

the maximum grant available under the Community Foundation Matching Grants program

$75,000

the amount of funding awarded for the two Community Foundation Matching Grants projects in 2015

$1.6 MILLION

the amount of funding approved for 37 Community Foundation Matching Grants projects since 2005

River Valley Trail, Cariboo-Chilcotin/Lillooet region | Photo credit: Chris Harris

MARKETING INITIATIVES PROGRAM

Northern Development's Marketing Initiatives program provides up to $20,000 to a maximum of 29% of the project budget in grant funding for municipalities, regional districts, First Nations bands, and registered non-profit organizations via five trust accounts: the Regional Development accounts (Cariboo-Chilcotin/Lillooet, Northeast, Northwest, and Prince George), and the Pine Beetle Recovery Account to undertake a marketing initiative project. Projects must be focused on development and implementation of a marketing initiative that will directly increase revenues within the region.

Northern Development's Marketing Initiatives program continued to help communities and non-profit organizations get the word out about the amazing opportunities and reasons to visit, live and work in Northern B.C.

The program was originally designed with the idea that the additional funding can enhance the power and reach of unique community-based marketing initiatives throughout the region. Over the years, the Marketing Initiatives program has been used to support everything from mountain bike tourism marketing to agricultural industry promotion.

In 2015, the Trust approved more than half a million dollars in funding to support 28 marketing initiatives projects throughout the region. Examples of projects include $80,000 for four separate marketing projects to create an online database that showcases accessible recreation sites available throughout Northern B.C. Spinal Cord Injury BC was the lead proponent for the project, which was designed to promote the region's numerous accessible tourism assets, encouraging more mobility-challenge people to enjoy all that Northern B.C. has to offer.

The Trust also approved $6,300 to support the development of a promotional campaign for the Bridge River Valley. The project included the development of six marketing projects including brand identity and a new image bank for use in all marketing initiatives, a promotional vignette, enhancements to the www.bridgerivervalley.ca website, a new visitor guide and increased social media presence.

$20,000

the maximum grant available under the Marketing Initiatives program

$538,609

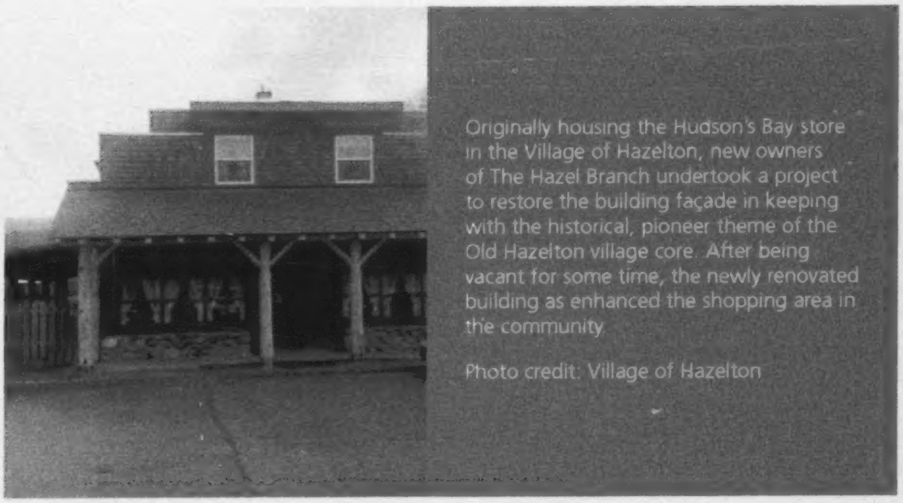
the amount of funding awarded for the 28 Marketing Initiatives projects in 2015

$1.46 MILLION

the amount of funding approved for 89 Marketing Initiatives projects since 2005

2015 projects also included a $20,000 funding approval to support an updated tourism marketing strategy for the Cariboo region following the mine tailings breach at the Mount Polley mine near Likely. The Cariboo Marketing Strategy project was designed to increase traffic, visitation and ultimately economic growth for the region's businesses and communities. The project focused on communications, marketing and special visitor experiences to support businesses and communities experiencing a downturn in tourism traffic.

Since 2005, Northern Development's Marketing Initiatives program has been used to fund 89 marketing projects for a total of $1.46 million in approved grant funding throughout the region.



Originally housing the Hudson's Bay store in the Village of Hazelton, new owners of The Hazel Branch undertook a project to restore the building façade in keeping with the historical, pioneer theme of the Old Hazelton village core. After being vacant for some time, the newly renovated building as enhanced the shopping area in the community.

Photo credit: Village of Hazelton

BUSINESS FAÇADE IMPROVEMENT PROGRAM

Northern Development's Business Façade Improvement program provides annual grant funding for municipalities and regional districts located within the Northeast, Northwest, Prince George, and Cariboo-Chilcotin/Lillooet regions that participate in the combined regional development accounts. Annual funding of $20,000 is available to each municipality and regional district to enhance economic development by encouraging private sector investment in businesses façade improvements. Individual businesses generally have access to up to $5,000 in matching funds to improve their storefronts. Municipalities and regional districts applying to the program are required to develop and submit their business façade improvement plan/guidelines, which will give direction to local business owners on the eligibility criteria to obtain the business façade improvement grant.

$20,000

the maximum grant available per community under the Business Façade Improvement program

$539,968

the amount of funding awarded for the 29 communities accessing the Business Façade Improvement program in 2015

$1.13 MILLION

communities have accessed the Business Façade Improvement program 61 times since 2005

Prince Rupert, Northwest region | Photo credit: Northern Development

COMMUNITY REVITALIZATION PROGRAM

Northern Development's Community Revitalization program is an incentive program that is a partnership between communities and Northern Development that encourages new development and redevelopment in central and northern B.C. This innovative program can provide a financial incentive for developers that is more attractive than revitalization tax exemption programs currently available in the region.

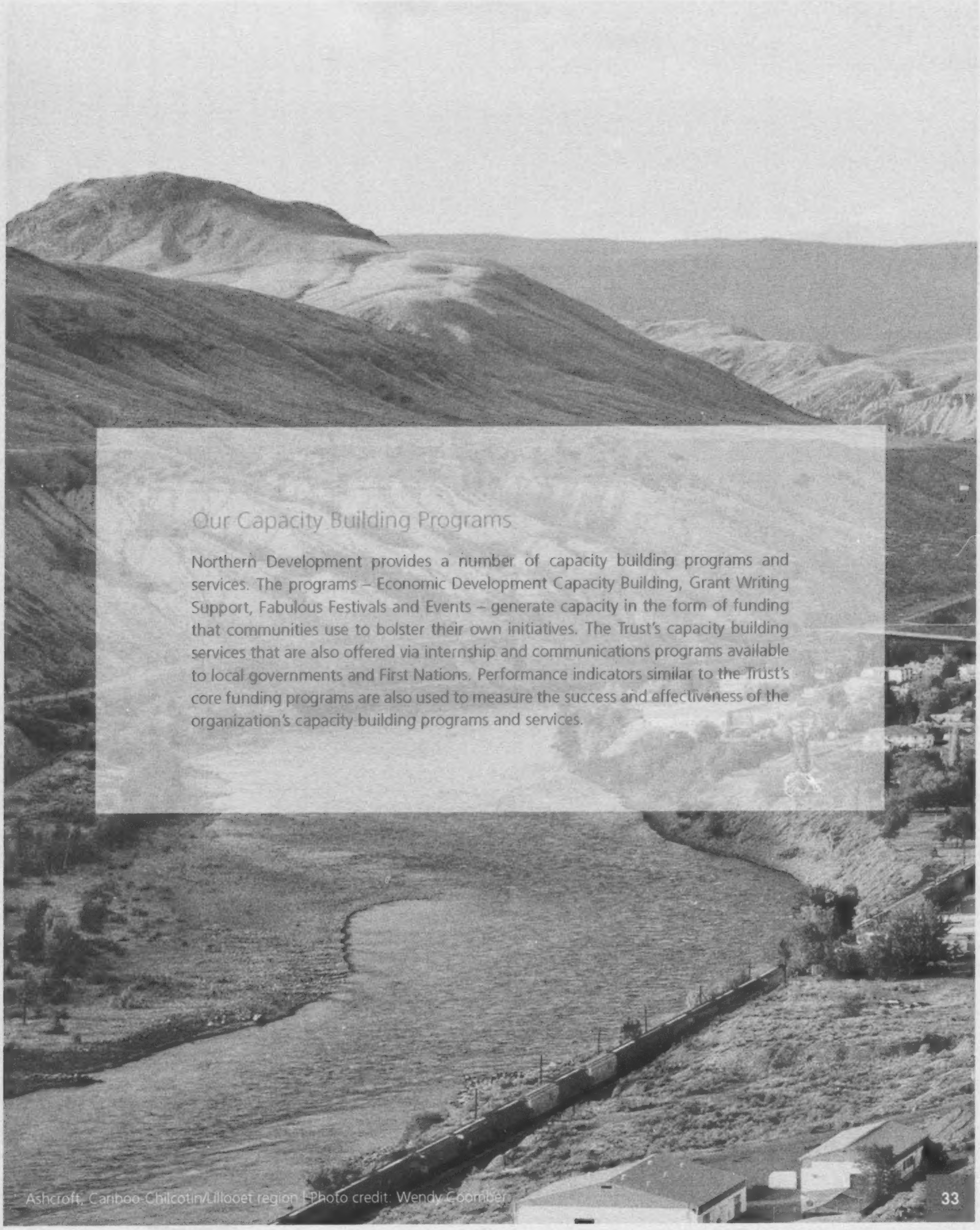
The goal of the Community Revitalization program is to encourage developers to invest in downtown or community renewal projects that include: new market and non-market housing, commercial and mixed use development, green development, and façade improvements. The municipality has the ability to develop a revitalization tax exemption bylaw that addresses its unique vision for attracting investment and increasing the tax base of the community.

In communities where the municipality has partnered with Northern Development on this program, developers can choose to access a "revitalization tax exemption early benefit," which is a lump sum payment aligned with the equivalent municipal tax exemption a developer would receive over the term of a standard revitalization tax exemption agreement. By accessing the early benefit, the developer's annual tax payments going forward during the life of the equivalent tax exemption period are returned to the municipality's regional development account.

No payments were made to developers in 2015, and the program is under review by the Trust's board.

Our Capacity Building Programs

Northern Development provides a number of capacity building programs and services. The programs – Economic Development Capacity Building, Grant Writing Support, Fabulous Festivals and Events – generate capacity in the form of funding that communities use to bolster their own initiatives. The Trust's capacity building services that are also offered via internship and communications programs available to local governments and First Nations. Performance indicators similar to the Trust's core funding programs are also used to measure the success and effectiveness of the organization's capacity building programs and services.



Ashcroft, Cariboo-Chilcotin/Lillooet region | Photo credit: Wendy Coomber

Salmon Glacier, Northwest region | Photo credit: Mike Weeber

ECONOMIC DEVELOPMENT CAPACITY BUILDING PROGRAM

Northern Development's Economic Development Capacity Building program provides up to a $50,000 rebate annually to local governments in Northern Development's service region. At least $5,000 of the annual funding must be used to fund collaborative economic development projects with another local government, First Nations band, tourism or industry association. Prior to 2014, this program only provided $35,000 in annually funding to local governments. The increase in annual program funding to $50,000 last year was a direct result of the Trust's rising annual return on investment, which has helped expand the organization's capital base enough to sustain an increase in the annual grant ceiling. The Economic Development Capacity Building program is important because it provides an annual, reliable source of discretionary funding for local governments that otherwise don't have the budget available to support local economic development priorities. In many cases, the funding is used to offset a portion of a local government's cost to employ a full-time economic development officer.

$50,000

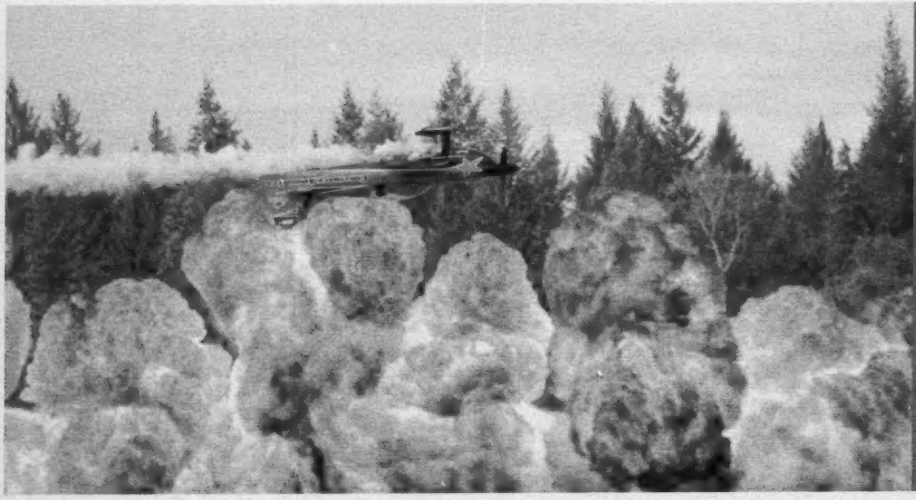
the maximum grant available under the Economic Development Capacity Building program

$2.54 MILLION

the amount of funding approved under the Economic Development Capacity Building projects in 2015

$13.64 MILLION

the total amount of funding approved under the Economic Development Capacity Building program since inception



"Festivals and events like Skyfest build community spirit and are extremely important for the economy of the region, as many spectators travel from other communities to watch the airshow. Although events such as the airshow rely completely on volunteer labour, access to grant funding is crucial to the success of the event."

Barb van Halderen,
Quesnel Skyfest Society

Photo credit: Quesnel Skyfest Society

FABULOUS FESTIVALS AND EVENTS PROGRAM

In 2015, Northern Development marked its first investments in the region's creative economy with the creation of the Fabulous Festivals and Events program. The program provides up to $2,500 in funding for non-profit organizations to support signature, destination festivals that attract tourists to communities throughout the region.

The funding is available annually for festivals and events, which provides a sustainable source of funding for non-profit organizations that struggle with volunteer burn out and access to new sources of funding to maintain important arts and culture events in rural and remote areas, as well as the region's major towns and cities.

The program was launched in September and gained immediate interest, garnering nearly 100 inquiries in its first month. As of December 31, 2015, the Fabulous Festivals and Events program had been used to support 16 festivals for a total of $39,900 in funding in the first three months of the program. Approved festivals included Fort St. James' Music on the Mountain, the Chetwynd International Carving Championship, Billy Barker Days in Quesnel, the Mid-Autumn Moon Festival in Barkerville and the Atlin Arts and Music Festival.

$2,500

the maximum grant available under the Fabulous Festivals and Events program

$39,900

the amount of funding awarded for the 16 Fabulous Festivals and Events projects since inception in 2015

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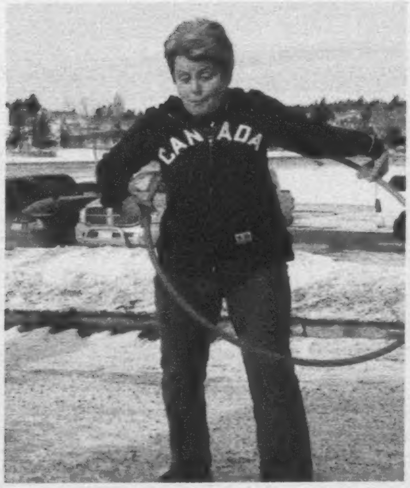


SUCCESS STORY: GRANT REINVIGORATES LOGAN LAKE'S SIGNATURE POLAR CARNIVAL

> **The Polar Carnival would not have happened without the grant you awarded us. Without your help our community would have lost a very important piece of history, and opportunity to build community spirit.**
>
> Elaine Pennoyer
> managing director
> Logan Lake Wellness, Health and Youth Society

Northern Development approved $2,400 in November 2015 to support Logan Lake's signature annual Polar Carnival – an event held each February for 43 years that was in need of a facelift to keep locals and tourists engaged. The Polar Carnival is a one-day event designed to celebrate the community's winter environment, including the snow, the cold and outdoors at a time of year when the weather traditionally keeps people indoors. All ages and local clubs and organizations are invited to attend, which enhances the sense of local community spirit.

The event combines indoor and outdoor activities at the Logan Lake Recreation Centre to nurture a sense of fun, inclusion and civic pride. The festival begins with a pancake breakfast followed by other events that include: a hula-hoop challenge, Big Foot volleyball, donut eating contest, chili cook-off, family skate, hockey games, children's carnival games, scavenger hunt and craft station.

The $2,400 grant effectively doubled the annual budget for the event, which is hosted by the Logan Lake Wellness, Health and Youth Society. The event went off without a hitch in February 2016 and the Trust received the following letter of thanks from Elaine Pennoyer, managing director of the society, a few weeks later:

"Our Polar Carnival was very tired and in need of a fresh perspective. Your funding gave us the opportunity to look for ways to improve it and decide if we could continue celebrating as a winter break. The infusion of new fresh games, new prizes and the excitement of the treasure chest, we feel it was successful. It's only with committed volunteers that we can organize and run fun events such as these.

Our students and families greatly benefit from these types of large-scale activities, as they serve to bring people together, allowing us to provide an atmosphere for creating a strong sense of community, spirit and pride. Our hope is one day there will be more people willing to take the torch of volunteerism and continue our efforts in the years to come. The District of Logan Lake made the decision based on the success of this year to continue and next year's date has been set for February 4th, 2017."

Photo credit:
Logan Lake Wellness, Health and Youth Society

Radley Beach, Burns Lake, northwest region | Photo credit: Village of Burns Lake

GRANT WRITING SUPPORT PROGRAM

Northern Development's Grant Writing Support program provides up to $8,000 in rebate funding each year to support the employment of a locally based grant writer. The funding is provided to local governments and First Nations bands in the Trust's service region.

Eligible grant writers must prepare funding applications to agencies, foundations and government programs, and must be under the direct supervision of a community or band manager. The Trust provides more than $400,000 in annual rebate funding to support grant writing positions across central and northern B.C. each year.

Prior to 2014, this program only provided $7,500 in annual funding to local governments.

The increase in annual program funding last year was a direct result of the Trust's average annual return on investment, which has helped expand the organization's capital base enough to sustain an increase in the annual grant ceiling.

$8,000

the maximum grant available under the Grant Writing Support program

$441,347

the amount of funding approved for 56 Grant Writing positions in 2015

$3.17 MILLION

the total amount of funding approved for 435 Grant Writing positions since inception

Terrace, Northwest region | Photo credit: Northern Development

COMMUNICATIONS SERVICES

Since 2012, Northern Development has provided a range of strategic communications support services to local governments, First Nations and non-profits throughout the region at no cost. The services are designed to help communities and organizations improve communication and engagement with their key audiences.

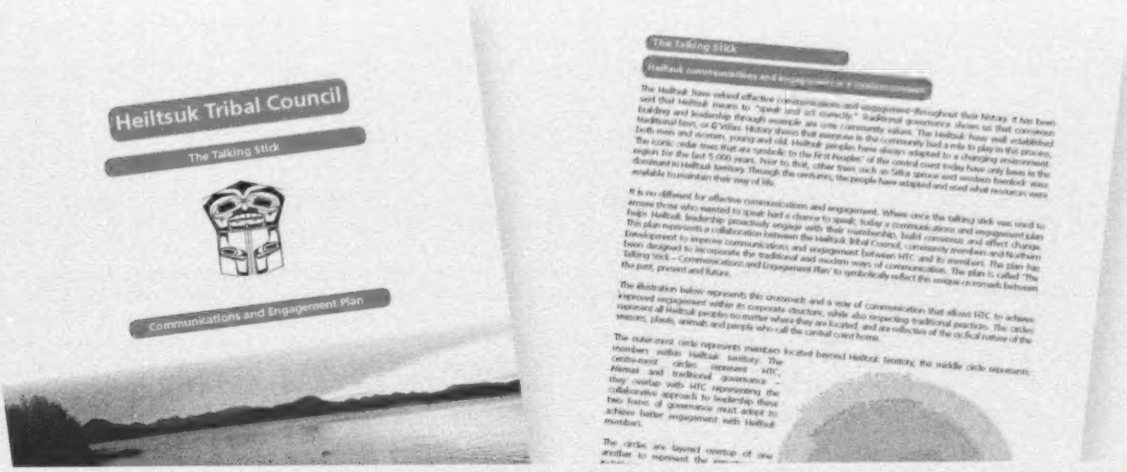
In 2015, the Trust's communications services continued to provide value throughout the region. The Trust completed five communications plans in 2015 ranging from the Heiltsuk Tribal Council communications plan to a new communications plan for the proposed Heart of the Hazeltons arena project. As well, The Trust provided 25 regional communications support initiatives in 2015 such as issues-based notes, document and graphic development, key messages, news release development and internal communications assistance.

Since 2012, the Trust has provided communications support to more than two dozen communities and non-profits, strengthening its relationships throughout the region through collaboration and cooperation. In 2015, the Trust leveraged these partnerships to begin researching the development of a handbook for local government professionals that provides a basic overview of communications and marketing best practices for small, rural communities. The *Small Town P.R. Playbook*, is currently in development and scheduled for publication and release in mid 2016.

GOVERNANCE ESSENTIALS SCHOLARSHIP

The Governance Essentials Program for Directors of Not-For Profit Organizations provides need-based Northern Development Initiative Trust scholarships valued at $1,000 each. These scholarships are available annually to support the participation of not-for-profit board members who would not be able to participate in the program due to financial considerations. The goal of the program is to provide financial assistance to help not-for-profit board members in the region gain the skills and expertise they need to more effectively run community organizations.

In 2015, two scholarships were applied for and awarded to the 100 Mile House Women's Centre Society.



Heiltsuk Tribal Council

The Talking Stick

Communications and Engagement Plan

The Talking Stick

SUCCESS STORY: COMMUNICATIONS SERVICES ASSIST HEILTSUK TRIBAL COUNCIL WITH GUIDING COMMUNICATIONS PROTOCOL

> **This 'guiding communications protocol' was a simple solution to a complex challenge in that it incorporated a traditional style of communication into a Western-style governance model.**

In early 2015, Northern Development provided communications services support to the Heiltsuk Tribal Council in Bella Bella – the goal being to develop basic communications processes and goals for the nation located on B.C.'s remote central coast.

Heiltsuk means to "speak and act correctly." One of the key challenges faced in the community was the reconciliation of two seemingly competing streams of communication in the community: the Western-style elected council and the traditional hereditary chiefs. Although the elected Heiltsuk Tribal Council is responsible for the day-to-day administration of the community and its members, the hereditary chiefs, or Hemas, were traditionally responsible for leading each tribal group and had been doing so for more than 10,000 years. From a communications perspective, this creates a fundamental challenge: who speaks for whom? When? When is each leadership body consulted? About what? There was no single answer.

Among the key 'communications' related details picked up early on was that, traditionally, a chief did not speak on his own behalf, this was done by a Pkwalelks, who was a commoner that acted as the chief's spokesperson and advisor. As well, it was essential that important business be conducted and validated in public view at a potlatch or feast. A network of interdependence between Heiltsuk villages existed, which involved systems of potlatching, arranged marriages, unity in war efforts and resource sharing. Consensus building was an important part of Heiltsuk governance and decision making.

The community would often gather to discuss and debate important business or major concerns. Decisions were reached or proposals amended until consensus was built for the betterment of all. Papguala, or baquila, is the Heiltsuk word for working together cooperatively. At gatherings a protocol for public speaking existed to ensure those who wanted to speak would be heard. A ***λiáp̓iq***, or 'talking stick', was used and the holder could not be interrupted until she or he gave the stick to the next speaker. Although hereditary chiefs were traditional leaders, they were expected to lead by example and work as hard or harder than anyone else in their community.

Among the Heiltsuk, the Hemas remain today a very important part of the nation's leadership – so this wasn't a "one style of communication or the other" decision. The solution, it turned out, lay within two traditional words: ***Xáƚa***, which means to have respect for all things, and ***Haíƚaýut***, which is the ability to make things right if something was done contrary to the way it should be.

A draft communications plan was written with an intent and focus on respecting traditional practices and pre-existing ways of communication. This was reinforced at the front of the plan with a 'guiding communications protocol' the tribal council could adopt in its day-to-day communications practices to promote better engagement with members in a way that respects both traditional and modern leadership. It functions as follows: each time a decision has been made or needs to be made that's of importance or significance to members, the Heiltsuk Tribal Council will:

- Ask itself what must be done to proactively communicate the matter to members and the public and make a list of those communications tasks
- Ask itself what must be done to respectfully communicate the matter to members through the traditional structure and make a list of those tasks
- Combine those lists into a basic communications plan and carry it out

This 'guiding communications protocol' was a simple solution to a complex challenge in that it incorporated a traditional style of communication into a Western-style governance model. Simply put, it incorporates respect for all things and a process to 'make things right.' Several months after the communications plan was drafted, the elected council voted to adopt it and all of its policies, protocols and objectives.

2015 Interns from left to right, Sandy Upson, Will George, Kathleen Milanazzo, Shaun Cormier | Photo credit: Northern Development

INTERNSHIPS

Northern Development internship programs are offered to the best and brightest recent university graduates from the region each year.

Beginning in 2009, the Trust offered an Economic Development internship program to prepare recent university graduates for rewarding careers in economic development and local government. The program is designed to provide a unique, immersed curriculum of training and experience that will provide an operational portfolio demonstrating economic development competency and references. The program promises to provide a high level of professional development and training that will prepare post-secondary graduates with the knowledge and experience they need to take the next step in a fulfilling and satisfying career, and the contacts within local government to help land a permanent position.

In 2015, Northern Development hired four economic development interns. To date, the Trust has hired more than 24 economic development interns, the vast majority of which have found employment during or immediately after their internship.

Local governments in the North face unique challenges of recruitment and retention. In response to this need, the Northern Development Initiative Trust, in partnership with the University of Northern British Columbia and the Local Government Management Association established the Northern Development Local Government Management Internship Program in 2013 and continued it with seven interns in 2015.

The management internship program recognizes and builds on the education, training and career opportunities that exist in central and northern British Columbian communities. The program prepares young people for an exciting career in local government, while supporting capacity building and succession preparation for retiring senior staff in smaller, rural northern local governments.

The internship program provides funding for central and northern local governments to host and mentor an intern for a 12-month period with the internships starting in May of each year.

One of the goals of the internship program is to provide insight into the wide range of rewarding careers available within local government. Careers include opportunities in management and administration, corporate services, planning and development services, environmental services, finance, human resource, public works and economic development to name just a few.

In 2015, Northern Development hired seven local government interns who were placed in Prince Rupert, Valemount, Fort St. James, the Cariboo-Chilcotin Regional District, Wells/Quesnel, Vanderhoof and Granisle.

Building on the success of its existing internship programs, the Trust partnered with the Province of B.C. in 2014 to launch a planning internship program. The goal of the program was to provide additional planning capacity to local governments in the northwest faced with major industrial projects. Interns were hired and placed with the Skeena-Queen Charlotte Regional District, Regional District of Kitimat Stikine, City of Terrace and at Northern Development's offices in Prince George. Throughout the year, the interns worked with municipalities and regional districts to update Official Community Plans, bylaws and provide assistance with zoning changes.

Top: Intern Kathleen Milanazzo attended the launch of Love Williams Lake
Photo credit: Northern Development

Middle: Intern Chelsea Dunk exploring the wilderness surrounding Wells, B.C.
Photo credit: Chelsea Dunk

Bottom: Intern Will George (far right), visiting Love Dawson Creek business, Vintage and Restoration Love.
Photo credit: Dawson Creek Tourism

Northern Development Initiative Trust
decade of Building a Stronger North

Northern Development interns, from left to right: Danielle Dysserink, Shaun Cormier, Sandy Upson, Michael Dewar, Lina Gasser, Will George, Chelsea Dunk, Kyle Mettler, Kathleen Milinazzo, Chad Stewart, Emily Kaehn
Photo credit: Northern Development

SUCCESS STORY: NORTHERN B.C. YOUTH CONTINUE TO LAND REWARDING CAREERS THROUGH INTERNSHIP PROGRAMS

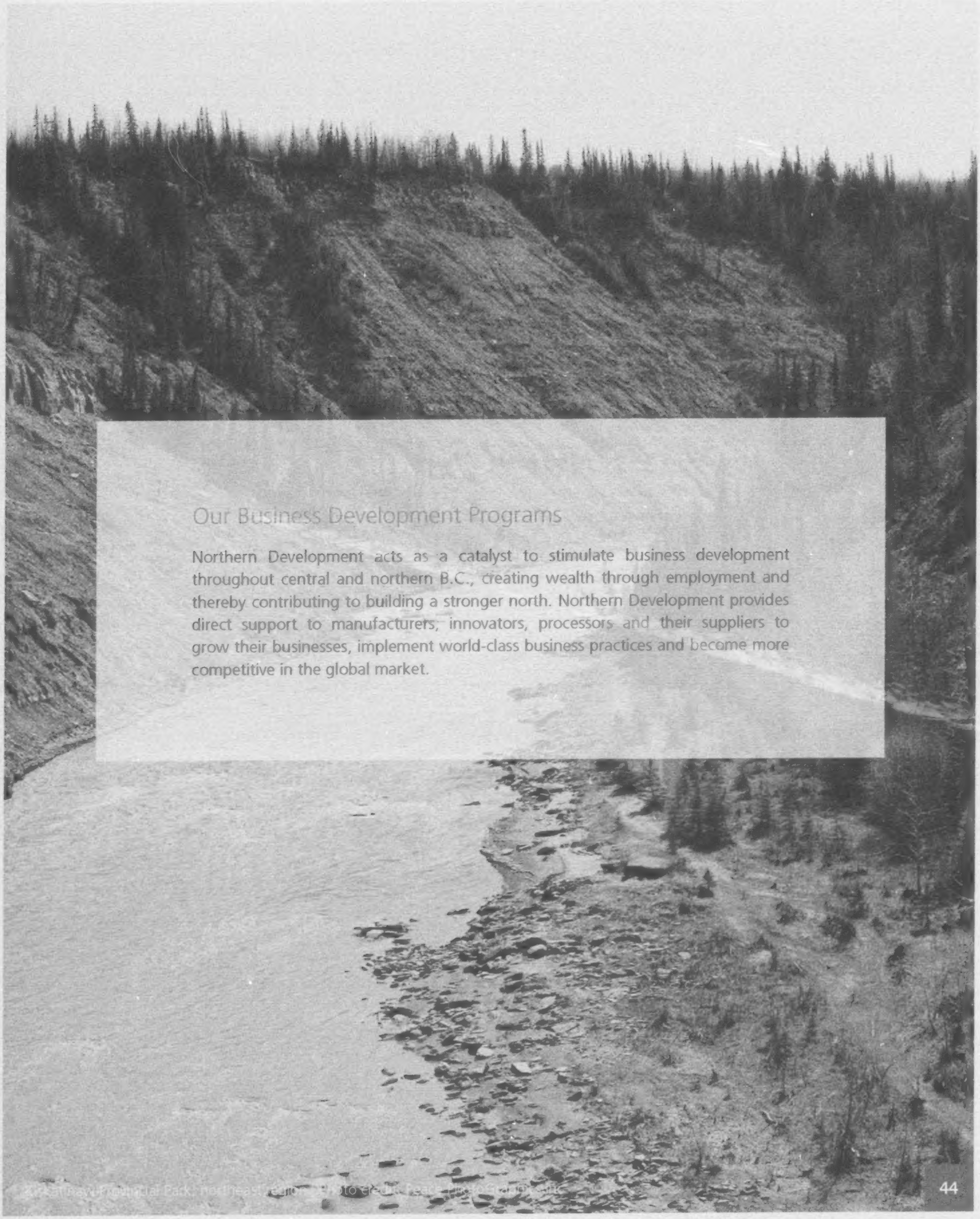
Since 2009, approximately 94% of the Trust's interns have found careers in their area of expertise either during or immediately following their internship.

Northern Development continued to find ways to support youth career advancement and succession planning in the communities it serves via its internship programs in 2015. The interns spent an intensive month at Northern Development's offices in Prince George in May studying economic development and community development issues before heading into their respective communities for 11-month work periods beginning in June.

Once in the communities, the interns were exposed to every part of local government, gaining experience in administration, finance, public works, recreation, tourism and economic development and even the fire department. The internships provided these recent university graduates with invaluable experience in the public sector, local government and community service.

The Trust also hired four economic development interns who spent six months working with Northern Development staff in Prince George. The interns focused on assisting the Trust with its day to day economic development activities, including: project application reviews, registering businesses with the Supply Chain Connector, supporting the expansion of the Small Town Love shop local program, creating a comprehensive list of non-profit organizations in central and northern B.C. and assisting in research to support the development of the Fabulous Festivals and Events program.

Since 2009, Northern Development has hosted more than 60 internships for university graduates pursuing a variety of careers including economic development, planning, local government management and communications. Each internships pays the equivalent of $40,000 per year on a pro-rated basis depending on the length of the internship, ensuring that the youth who are employed by the Trust start their careers on a strong footing with a living wage. Since 2009, approximately 94% of the Trust's interns have found careers in their area of expertise either during or immediately following their internship, and approximately 86% of the interns who join the Trust are recent graduates of the University of Northern British Columbia. The Trust's continued focus on hiring youth who are passionate about Northern B.C. continues to produce dividends for the communities it serves, with many former interns now in permanent roles working for communities throughout the region.



Our Business Development Programs

Northern Development acts as a catalyst to stimulate business development throughout central and northern B.C., creating wealth through employment and thereby contributing to building a stronger north. Northern Development provides direct support to manufacturers, innovators, processors and their suppliers to grow their businesses, implement world-class business practices and become more competitive in the global market.

[illegible] Provincial Park, northeast region. Photo credit: Peace Photographic Inc.

Prince George-based Stinger Welding serves commercial and industrial clients throughout B.C. and Yukon with high quality certified welding, fabricating, piping and bridge components.

"We've done seven projects [with Northern Development]," said Willy Manson, president and founder of Stinger Welding. "All have assisted in raising our company's IQ by staying ahead of certifications, getting our staff trained and keeping our company in demand."

Photo credit: Stinger Welding

COMPETITIVENESS CONSULTING REBATE PROGRAM

The Competitiveness Consulting Rebate program provides a rebate to small and medium sized companies engaged in manufacturing, innovative technologies, resource processing, transportation, distribution and their first line suppliers for outsourced consulting services. A rebate of up to 50% to a yearly maximum of $30,000 can be recovered for the cost of external business consulting projects. Projects must focus on increased productivity, new or incremental revenues, profitability and/or job creation. Eligible companies must be privately owned and have headquarters within the Northern Development Initiative Trust region.

The program allows companies to use a preferred consultant or obtain assistance to identify and select a qualified consultant with a verified track record of competitiveness consulting expertise. Applications are received and approved on a continuous basis throughout the year.

The funding levels the playing field between northern companies and the Lower Mainland in terms of the cost of accessing top flight consulting expertise that strengthens business revenue and job growth.

$30,000

the maximum grant available under the Competitiveness Consulting Rebate program

$706,792

the amount of funding approved under the Competitiveness Consulting Rebate program in 2015 for 82 rebates

$2.36 MILLION

the amount of funding approved under the Competitiveness Consulting Rebate program since inception

$5.6 MILLION

the total consulting value leveraged in the region since the program launced

SUCCESS STORY: REBATE PROGRAM ENABLES GROWTH OF SPEEDEE OFFICE EXPERTS

> “**As a result of the Trust's program we not only opened up a new SpeeDee in Fort St. John, but we also set up a furniture show room and an office supply distribution warehouse in Prince George.**”
>
> David George
> president and general manager
> SpeeDee Office Experts

SpeeDee Office Experts has expanded its with new locations in Fort St. John and Prince George, creating new jobs and supporting the local economy with Northern Development's help.

Three years ago, SpeeDee took advantage of Northern Development's Competitiveness Consulting Rebate program to improve internal reporting systems at its Terrace, Smithers and Prince George branches. President and General Manager of SpeeDee, David George, recognized SpeeDee's reporting system wasn't keeping up with the company's changing needs and that it needed to gain operational efficiency.

"As you grow you need a good reporting system to measure how you are doing in each location," said George. "This gives us goals and allows us to make informed adjustments". The consulting rebate program provided the funds SpeeDee needed to hire a first-rate consultant to see which areas of its business were excelling and which areas required adjustments.

"This helped us grow," said George. "As a result of the Trust's program we not only opened up a new SpeeDee in Fort St. John but we also set up a furniture show room and an office supply distribution warehouse in Prince George," said George. Speedee was to reach into new markets and scale up its business with an expansion of its office furniture business.

"In our market area there is a huge potential and we are preparing ourselves for a busy future."

George recommended the Trust's program to other businesses, saying: "the Competitiveness Consulting Rebate helped our business gain focus. The program was absolutely amazing, the staff were excellent and it's worked out very well."

Photo credit: Northern Development

lovenorthernbc.com
LOVE
Northern BC

SMALL TOWN LOVE EXPANDS TO BECOME THE LARGEST SHOP LOCAL PROGRAM IN CANADA

Northern Development's Small Town Love program has far exceeded expectations since it began in 2013 and has grown into the largest shop local program in Canada. By December 31, 2015, 27 Northern B.C. communities and more than 1,200 local businesses were actively participating in this program.

No longer is this experiment simply showcasing individual small towns. The Trust is now showcasing a region that covers more than two-thirds of British Columbia through the Small Town Love program. At the December 3rd, 2015 board meeting the Northern Development board approved $1,200 in annual grant funding to each of the Love Northern BC communities to assist in the marketing for the small businesses in each community, representing a total annual investment of $36,000.

In order to grow this innovative initiative throughout Northern Development's region, the program was re-branded to Love Northern BC in December 2015. The rebrand to Love Northern BC recognizes that the program has grown to encompass a massive geographic region, and also leverages the unique identity of our small towns – the look, feel and people of the Trust's region. Although the program brand has evolved, each individual community has retained its own 'Love' brand (e.g. Love 100 Mile, Love Williams Lake, Love Kitimat). The brand will continue to evolve as the program matures, creating new opportunities to feature value-added content such as festivals and events that are held annually throughout the region and supported via the Trust's Fabulous Festivals and Events program.

Coinciding with the re-brand to Love Northern BC was the launch of www.lovenorthernbc.com, a new landing page for the suite of "Love" community sites. The administration of the new portal database for communities was successfully brought in-house and was launched publically December 21st, 2015. As part of that, the landing page was designed and is operating as the new portal to all communities.

Ongoing work being done on all of the community websites to expand the Love Northern BC brand throughout the region and an extensive quality assurance audit was conducted in conjunction with launch of the new landing page and rebrand in December 2015.

Kristi and John Farrell have owned and operated Cowbay Cafe since 2013. Kristi and John are self-confessed foodies, and they know that there are hundreds of others like them in Prince Rupert. The Farrells take full advantage of this, cooking with and serving local ingredients in the restaurant's dishes. They love the vibe of Prince Rupert, particularly in the downtown area, with its diverse and eclectic independent businesses that give it so much character. Learn more about them, their business and other local entrepreneurs on the Trust's shop local platform: **www.loveprincerupert.com**

Photo credit: Mike Ambach

PARTICIPATING COMMUNITIES BY REGION

Cariboo-Chilcotin/ Lillooet Region

- 100 Mile House
- Ashcroft
- Logan Lake
- Quesnel
- Wells
- Williams Lake

Northwest Region

- Burns Lake
- Granisle
- Haida Gwaii
- The Hazeltons
- Houston
- Kitimat
- Smithers
- Telkwa
- Terrace
- Prince Rupert

Prince George Region

- Downtown Prince George
- Fort St. James
- Fraser Lake
- Mackenzie
- Valemount
- Vanderhoof

Northeast Region

- Chetwynd
- Dawson Creek
- Pouce Coupe
- Hudson's Hope
- Northern Rockies Regional Municipality (Fort Nelson)

Coming in 2016

- Lillooet
- Central Coast BC
- Tumbler Ridge
- Fort St. John
- Taylor

LAUNCHED IN 2015

LOVE Hudson's Hope

LOVE Dawson Creek

LOVE The Hazeltons

LOVE Kitimat

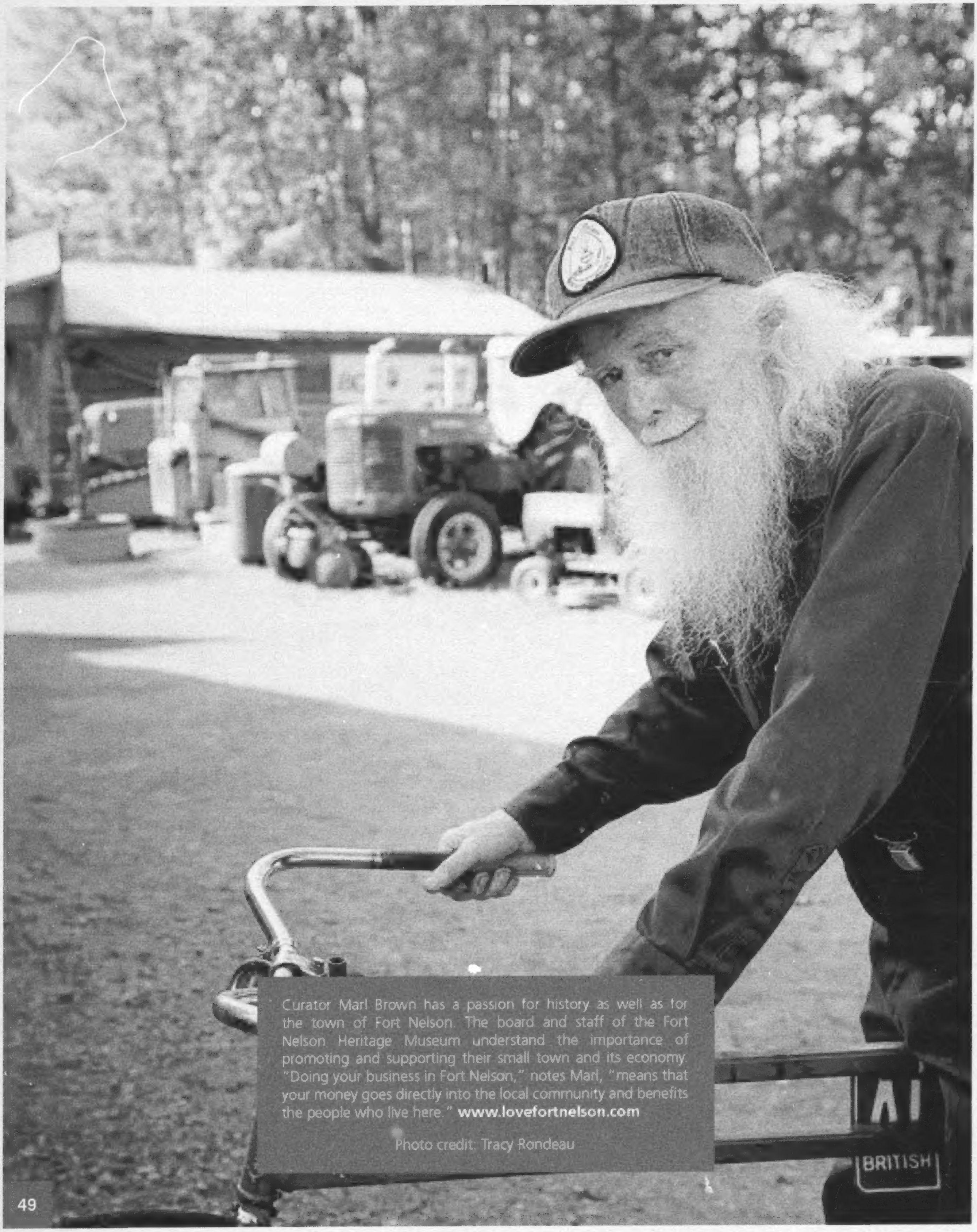
LOVE Terrace

LOVE Wells

LOVE Prince Rupert

LOVE Mackenzie

LOVE Chetwynd



Curator Marl Brown has a passion for history as well as for the town of Fort Nelson. The board and staff of the Fort Nelson Heritage Museum understand the importance of promoting and supporting their small town and its economy. "Doing your business in Fort Nelson," notes Marl, "means that your money goes directly into the local community and benefits the people who live here." **www.lovefortnelson.com**

Photo credit: Tracy Rondeau

The Supply Chain Connector is a free, public database available for use to major project proponents, businesses and the public at large. Northern Development Initiative Trust and local economic development offices throughout the region have collaborated with major industries to develop a user-friendly database to track down and engage locally qualified supply and service companies. The Supply Chain Connector will help drive more local business activity and generate new jobs and income for the region.

SUPPLY CHAIN
CONNECTOR.CA
Connect with Northern B.C. industrial service and supply companies

SUPPLY CHAIN CONNECTOR

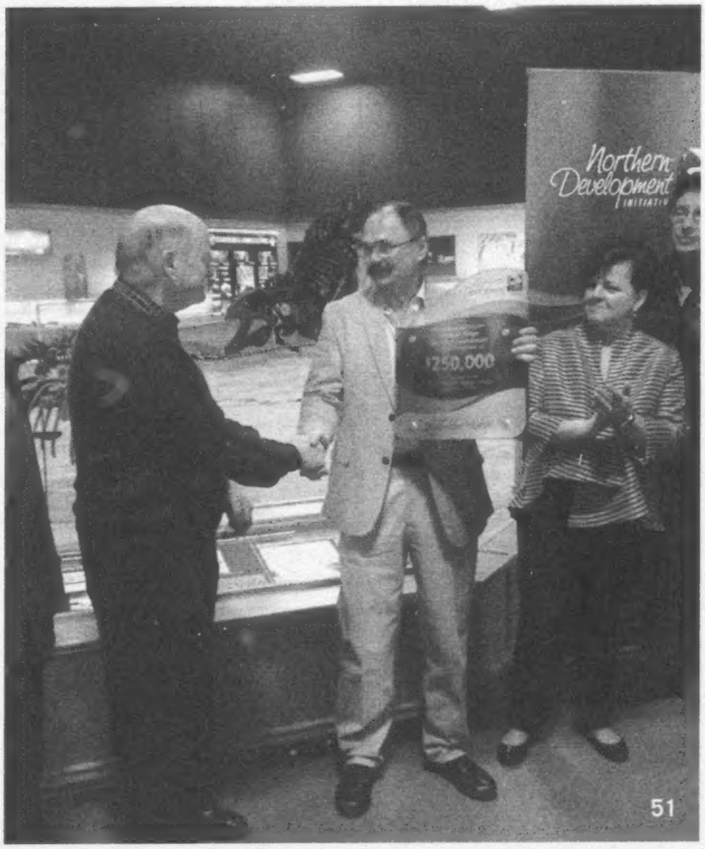
In 2013, Northern Development Initiative Trust, in partnership with business throughout northern B.C., launched the Supply Chain Connector – an online procurement database that allows major industry, communities and government to quickly locate northern B.C.-based businesses to help them build major projects. There is no cost to business to participate in this website.

The database is the only one of its kind in the region. It initially launched in 2013 with 1,100 business profiles. In 2015, Northern Development continued to work with industry and small and medium enterprises throughout the region, increasing the number of registered businesses to 2,250. The connector has meant that more businesses and communities across the north can reap the benefits of major projects, generating new jobs and income for the region.

The Supply Chain Connector was created in response to the wave of approximately $140 billion in major industrial projects proposed across central and northern B.C. In the past, major project proponents have awarded contracts to companies based outside of the region because they've struggled to locate northern B.C.-based businesses to carry out the work. The Supply Chain Connector adds capacity to the region to solve that problem, making it quick and easy for project proponents to locate the local expertise they need to build the mines, mills and hospitals of tomorrow, which sets northern B.C. apart from other regions across B.C.

The Supply Chain Connector builds on the previous success of northern B.C.'s regional investment portals (Invest Northwest BC, Invest North Central BC, Invest Northeast BC, Invest Cariboo-Chilcotin Coast BC, Invest Thompson Nicola BC), which have helped investors connect directly with communities about major development opportunities throughout the region.

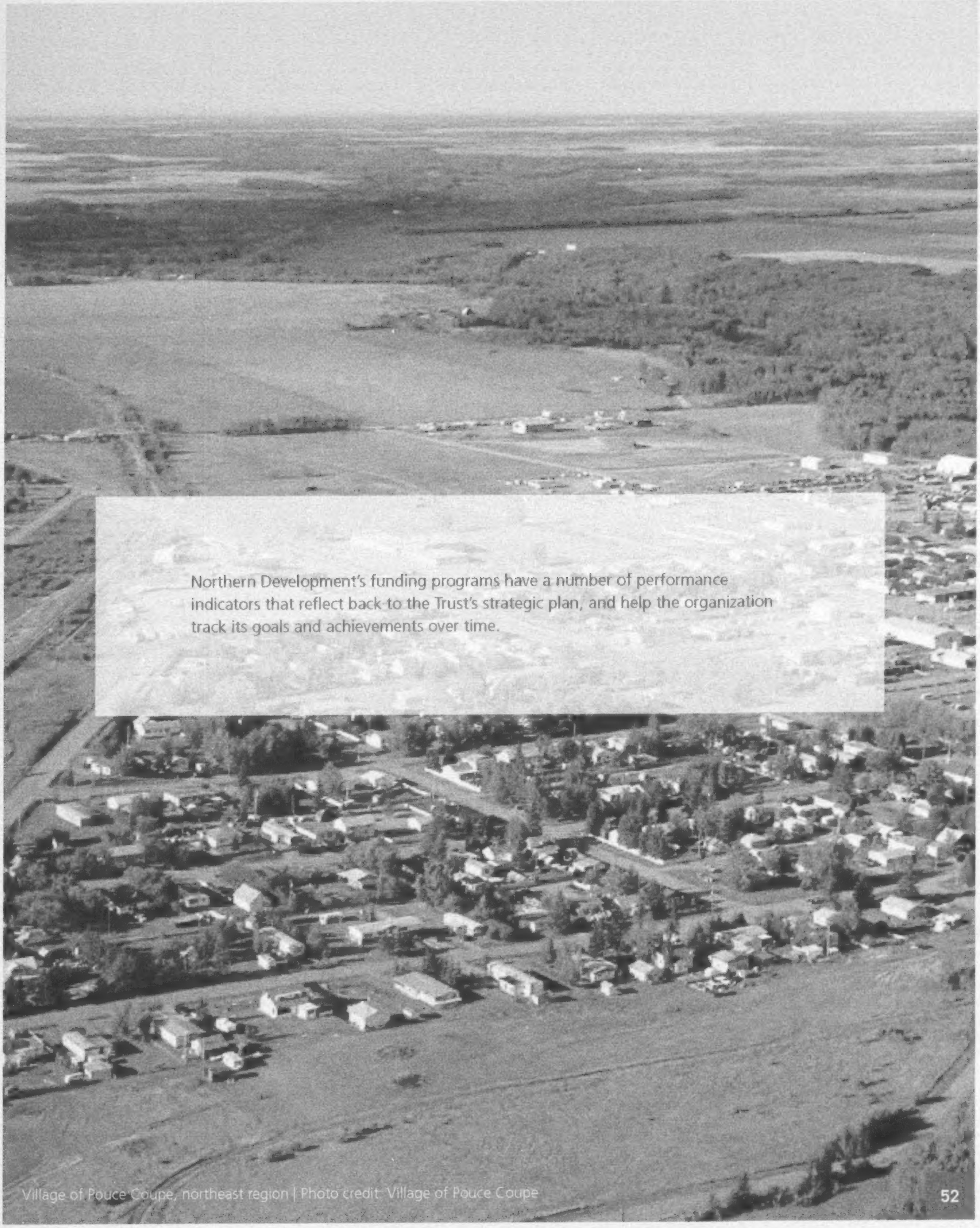
PERFORMANCE INDICATORS



Top: Hon. MLA Mike Morris welcoming guests and reflecting on the importance of the region at the Trust's 10th Anniversary wrap up event. | Photo credit: Kelly Bergman

Left: Belinda Karlin moved to Hudson's Hope from Long Island, New York. In 1992 she bought Marg's Mini Mart and hasn't looked back since. **www.lovehudsonshope.com**
Photo credit: Kristy Bruce

Right: Northern Development Chair Evan Saugstad awards a plaque acknowledging the $250,000 grant to Jim Kincaid, President of the Tumbler Ridge Museum Foundation.
Photo credit: Northern Development



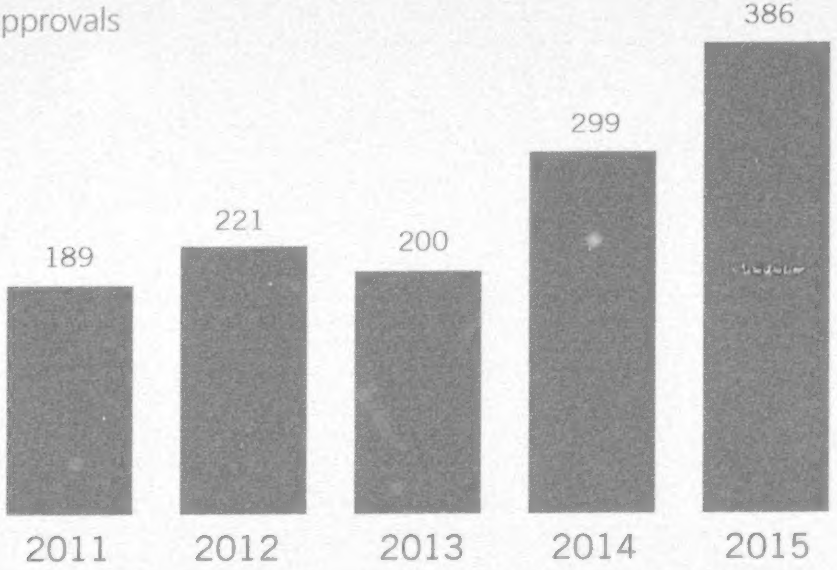
Northern Development's funding programs have a number of performance indicators that reflect back to the Trust's strategic plan, and help the organization track its goals and achievements over time.

Village of Pouce Coupe, northeast region | Photo credit: Village of Pouce Coupe

APPLICATION APPROVALS

Project approvals for Northern Development programs increased to 386 approvals in 2015 from 299 in 2014, representing an increase of 186 project approvals compared with 2013.

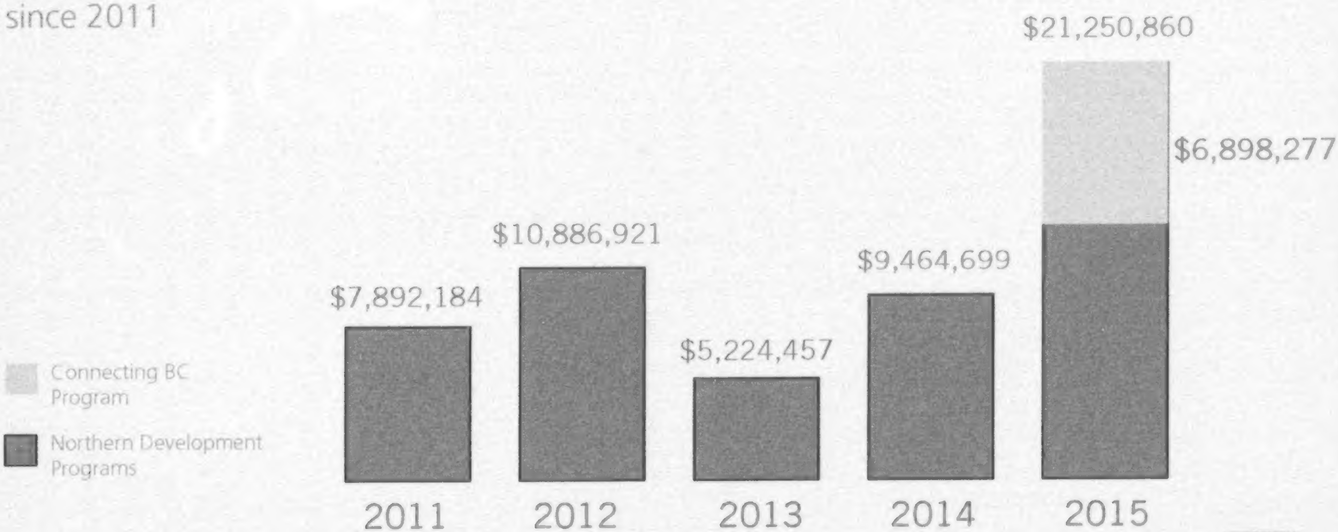
Application approvals since 2011



FUNDING APPROVALS

Funding approvals, like application intake, also indicates relevance for stakeholders and relates to capacity building, business development and community development funding program delivery. Funding approvals totalled $21.2 million in 2015 compared with $9.4 million in 2014.

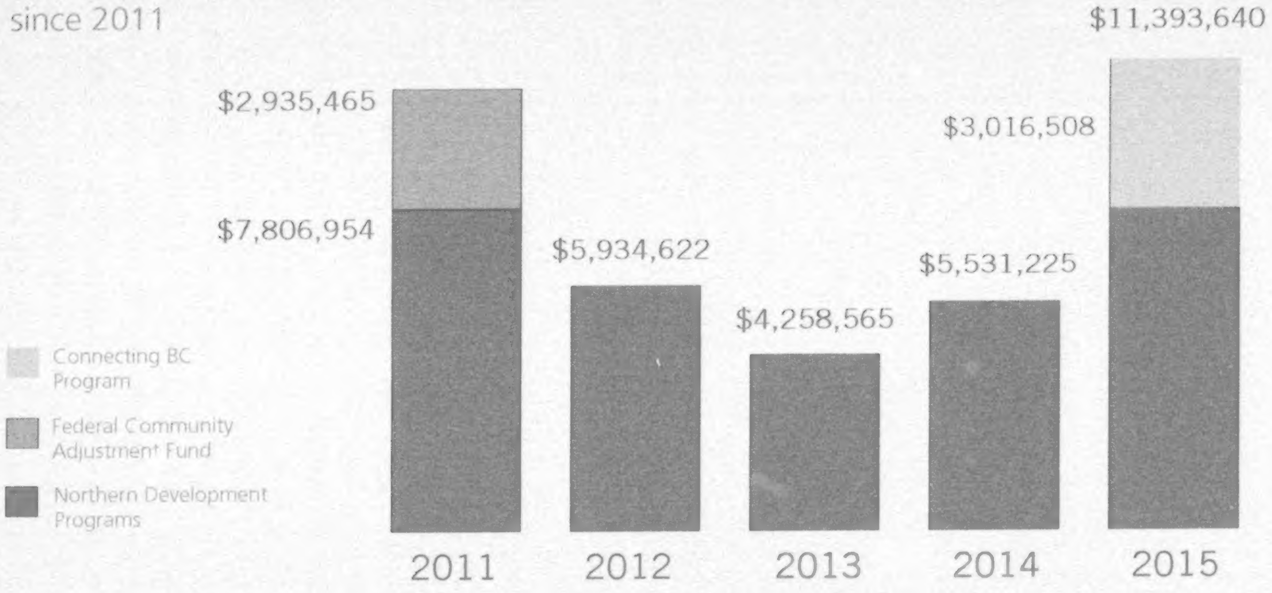
Funding approved since 2011



DISBURSEMENTS

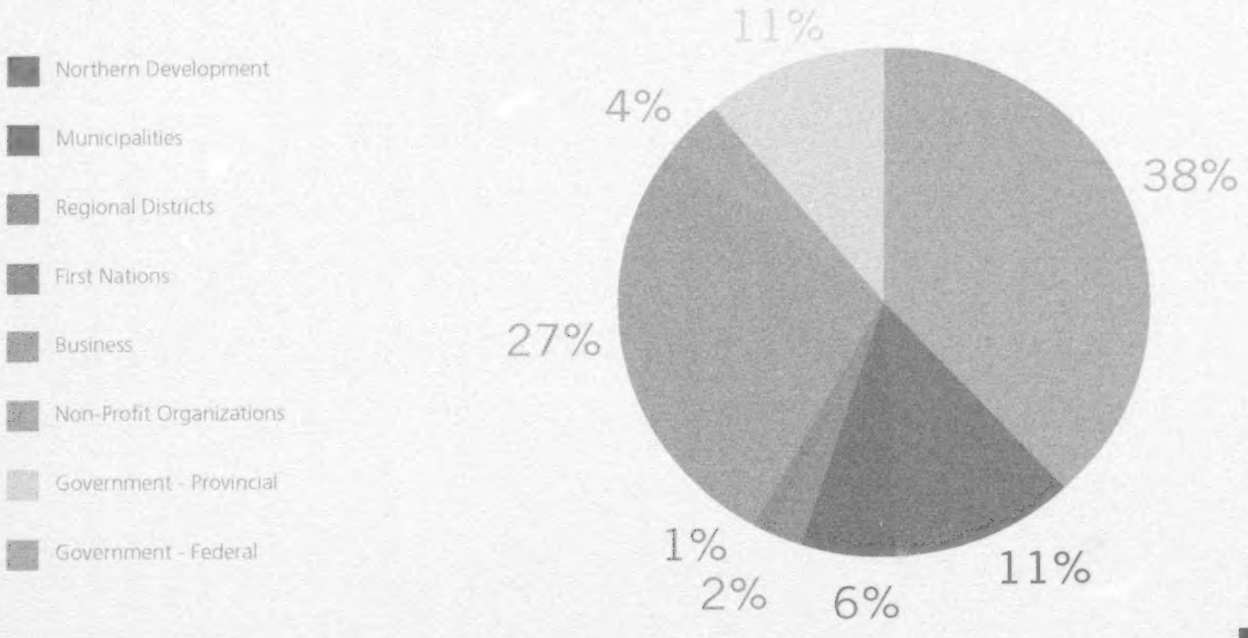
Project disbursements follow project approvals. The higher the level of disbursements, the more money Northern Development is investing in the region.

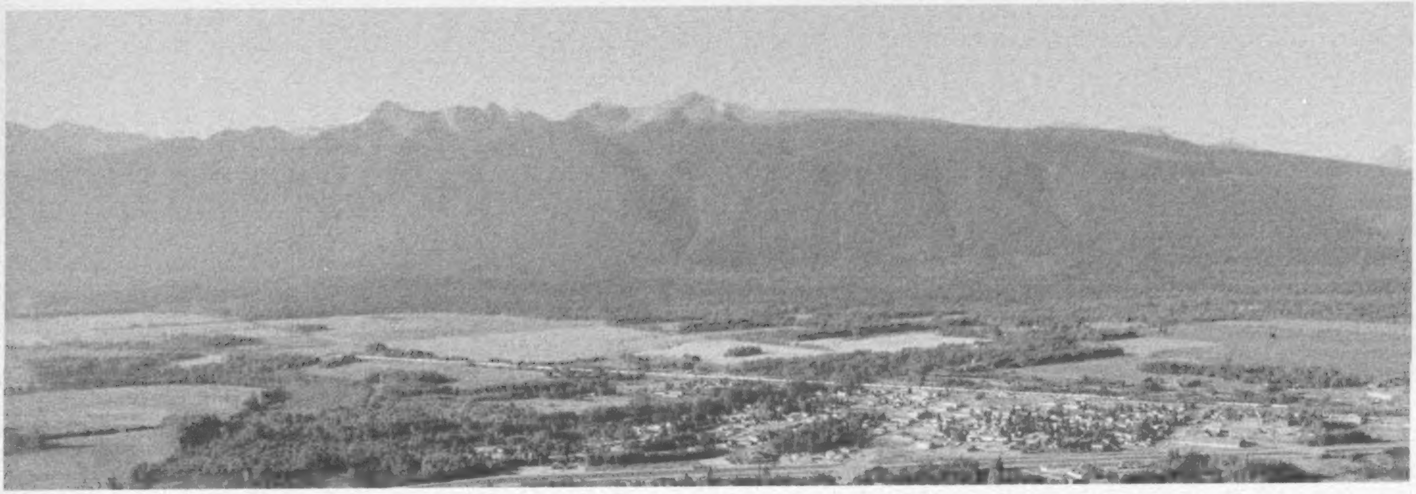
Project funding disbursements since 2011



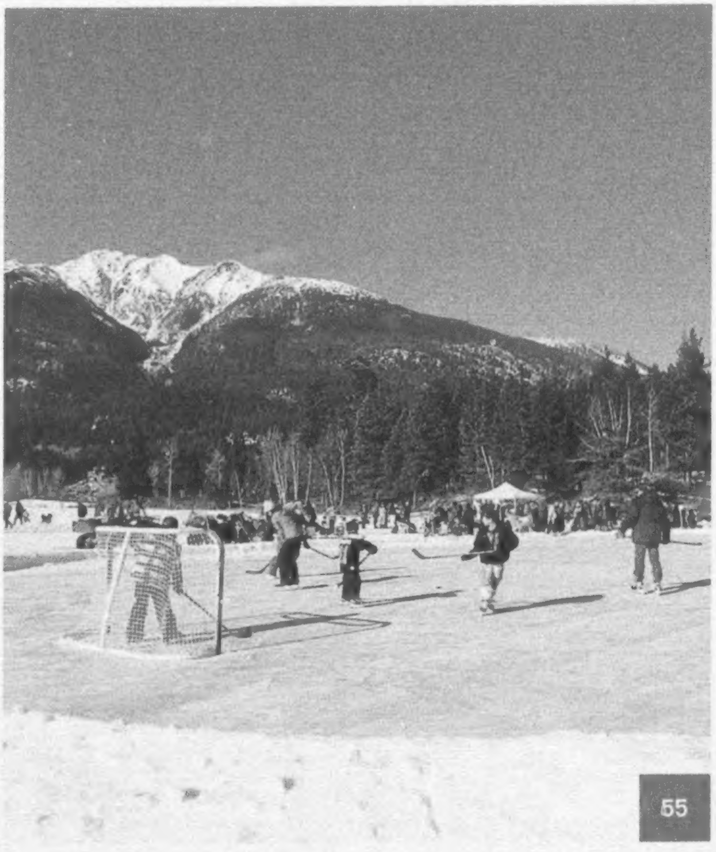
OTHER FUNDING SOURCES

Other funding sources is an indication of where leveraged dollars are coming from, supporting Northern Development's goal of bringing $2 billion to the region by 2020.





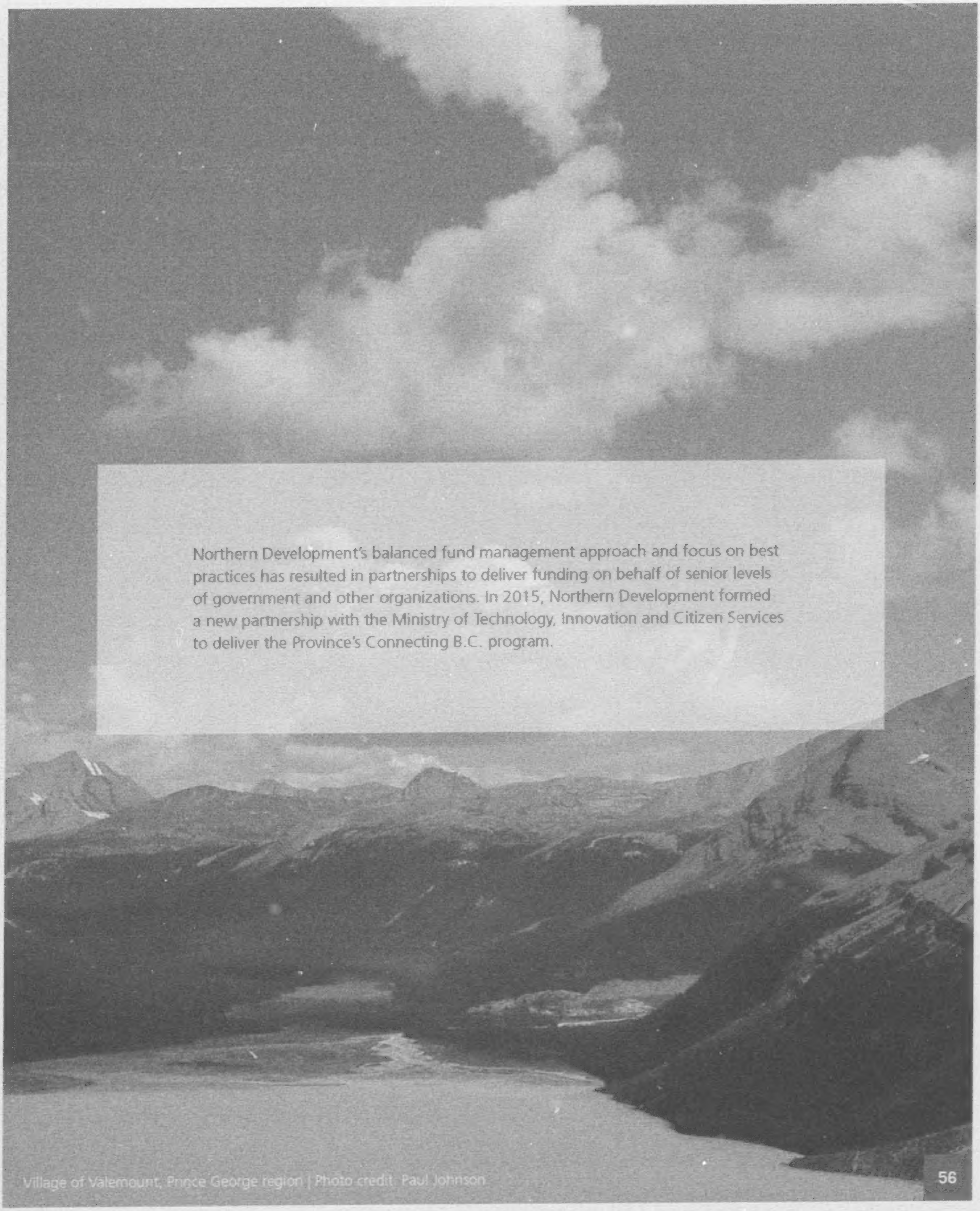
FACILITATING FUND MANAGEMENT



Top: McBride, Prince George region
Photo credit: Northern Development

Left: Anissa Watson of Youth on Water has a passion for conservation, as well as for getting others involved in the movement to preserve the Skeena Watershed. The small town atmosphere adds depth to the experiences of participants in activities like river rafting and swift water rescue training. Learn more at www.**lovethehazeltons.com**
Photo credit: Derek Flynn

Right: Thanks to funding from the Trust, the Bridge River Winterfest was "bigger and better than ever with the addition of a 70's dinner and dance on Saturday night and an adventure day up at the Bralorne Recreation Area on Sunshine Mountain," says one of the organizers. | Photo credit: Bridge River Valley Community Association



Northern Development's balanced fund management approach and focus on best practices has resulted in partnerships to deliver funding on behalf of senior levels of government and other organizations. In 2015, Northern Development formed a new partnership with the Ministry of Technology, Innovation and Citizen Services to deliver the Province's Connecting B.C. program.

Village of Valemount, Prince George region | Photo credit: Paul Johnson

Northern Development joined Community, Sport and Cultural Development Minister Peter Fassbender in Terrace B.C. to report on the success of the planning and asset management programs. From left to right: Janine North (Northern Development, CEO), Holly Adams (Regional District of Kitimat-Stikine, planner), Peter Fassbender (Minister of Community, Sport and Cultural Development), Nicholas Redpath (Regional District of Kitimat-Stikine, planner).

Photo credit: Northern Development

NORTHWEST READINESS

> **This grant is valuable contribution to our asset management program. Long-term sustainability of our infrastructure is critical and this will help as we continue to update and develop our plan to replace the equipment, buildings, roads and water and sewer infrastructure that serve our community.**
>
> Phil Germuth
> Mayor
> District of Kitimat

The Northwest Readiness initiative, to date, has approved $768,392 in asset management and land-use planning grants to support projects in Kitimat, Terrace, Port Edward, Prince Rupert, the Regional District of Kitimat Stikine and the Skeena-Queen Charlotte Regional District. The grants are helping the communities thoroughly review their current infrastructure (water, sewer, drainage, local roads) and plan effectively for their future infrastructure needs.

In addition to the asset management grants program, the Community Land-Use Planning Program assists local governments in aligning their land use bylaws, policies and plans with the needs for industrial expansion while maintaining community health and quality of life for existing residents. This could include updating local official community plans or zoning bylaws, or conducting new studies for targeted areas like housing affordability. To assist with community planning, five planning interns were also hired and mentored under this program and are working in local government offices to support key planning and capacity gaps, building on the success of the Trust's Local Government Management and Economic Development internship programs.

In addition, the Ministry of Community, Sport and Cultural Development is working with local communities to identify provincial service needs and to provide cross-government resources to address readiness concerns. These programs and projects are part of the provincial government's commitment to help local governments in northwest British Columbia prepare for economic development and population growth, and align with Northern Development's mandate to combine financial resources with advance planning to help northern B.C. thrive.

Giscome, Prince George region | Photo credit: Northern Development

CONNECTING BC

Connecting B.C. is designed to deliver up to $10 million in funding for rural internet connectivity throughout British Columbia in a two-year period. In 2015, the Trust administered $6.8 million in grant approvals under Connecting B.C. in partnership with the Province. The program marked the second time the Trust has delivered funding to support projects in communities beyond its service area, signaling the organization's growing reputation for professional, efficient and low-cost fund management for rural areas.

The program helps to pay for infrastructure required to deliver high-speed internet connectivity at speeds to at least 5 Mbps down and 1 Mbps up to homes and businesses in rural and remote locales of British Columbia. The high cost of last mile infrastructure has been identified by communities, regional Internet service providers, community champions and advocates as one of the key barriers to expanding service to citizens in and around rural and remote communities in British Columbia.

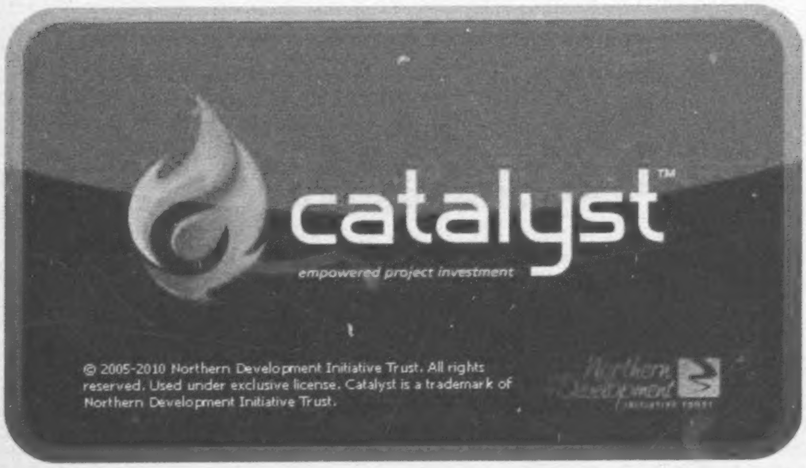
The Connecting British Columbia Program was created by the Province to enable connectivity to more citizens in more parts of British Columbia to meet the goal of 100% connectivity before 2021. This program is the latest in a series of initiatives to connect British Columbians, and has already seen infrastructure investment approvals in the Squamish-Lillooet Regional District, Northern Shuswap, Kootenays, northern Vancouver Island, Granisle, the Bulkley Valley, Terrace and the Gulf Islands.

> **To date, Northern Development Initiative Trust has administered nearly $7 million in Connecting British Columbia grants to communities across the province. These funds will ensure that local or regional Internet services providers and other organizations can expand and extend high-speed Internet services to communities in every region of the province.**
>
> Janine North
> CEO
> Northern Development

NCLGA

In 2015, the Trust continued to manage the North Central Local Government Association's (NCLGA) endowment fund. The fund was originally entrusted to Northern Development in 2014 with $100,000, with a goal to grow it with additional investments from the association in future years and with the Trust's investment portfolio returns. Established in 1955, The North Central Local Government Association is a non-profit, non-partisan association comprised of elected officials in North Central British Columbia. The NCLGA works to connect communities, identify common challenges and facilitate positive change.

As of December 31, 2015, the NCLGA's endowment fund totaled $275,442.



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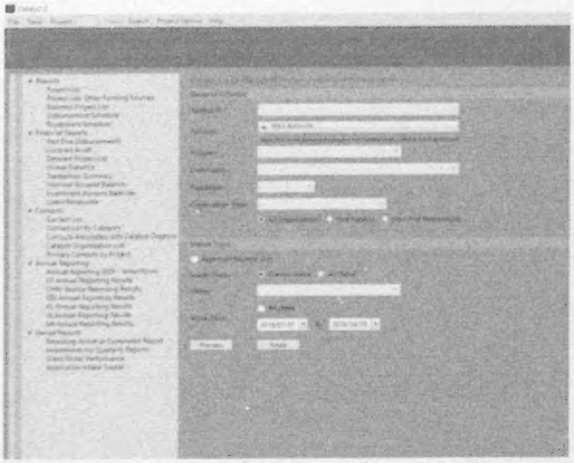


EFFICIENT FUND MANAGEMENT AND CATALYST 2

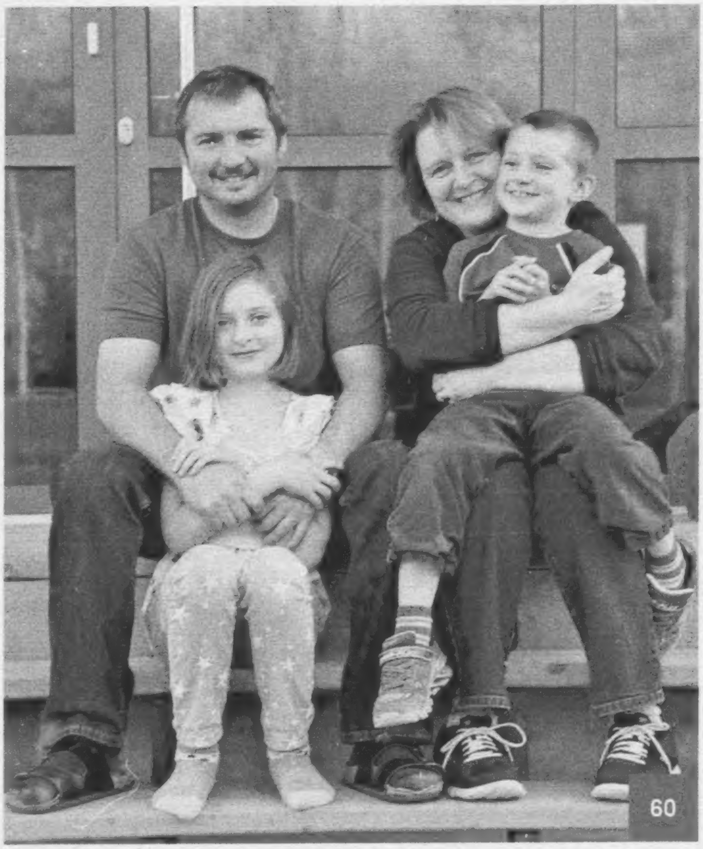
Since 2005, Northern Development has effectively managed nearly $43 million in funding on behalf of other levels of government and organizations. That total includes $30 million for the federal government's Community Adjustment Fund in 2009, as well as provincial and crown agency funding programs. The Trust has been able to effectively deliver funding on behalf of these organizations for a 2% administrative fee, which is less than many other fund administrators in B.C. Since 2005, inclusive of all Northern Development funding, the Trust has administered grants at an approximate cost of $0.07 per grant dollar approved.

The most significant factor in the Trust's ability to administer funding at a low-cost is its continuous focus on improvement and efficient business systems, notably its proprietary Catalyst project management software which has been continuously enhanced over the last decade.

Catalyst is an enterprise level, custom developed ERP (Enterprise Resource Planning) specifically designed to assist in managing projects requesting Trust funding. Catalyst is not a financial system, but rather a project accounting system that facilitates all facets of managing Trust funds over a portfolio of projects by program. Catalyst enables electronic receipt of applications, due diligence reporting for decision making, efficient client communications at key milestones, electronic development of customized contracts, and periodic and custom reporting of financials, critical success factors and performance measures.

In 2015, Northern Development developed a new version of Catalyst, called Catalyst 2, which updated the look, user experience and operations of the software system. Catalyst 2 is not only an easier system to manage from a staff perspective, but also is more able to integrate with the Trust's other administrative systems. As a result, the Trust's overall operational efficiency is improved, which will reduce the number of staff hours spent on data entry. A beta version of Catalyst 2 was launched in late 2015, which was followed up with an official system launch in early 2016.

DEMONSTRATING BEST PRACTICES



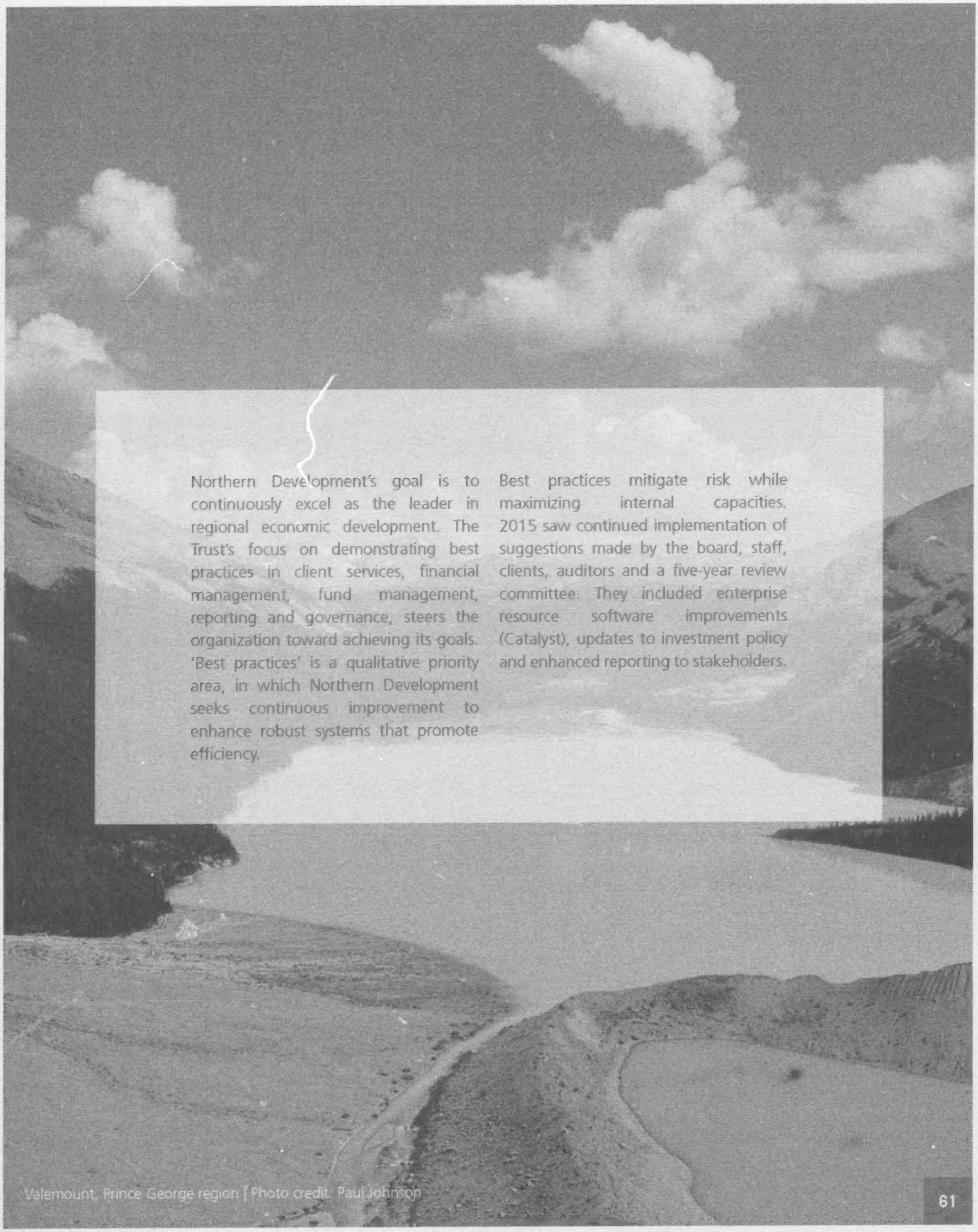
Top: Fort St. James Historic Site, Prince George region.
Photo credit: Dexter Hodder

Left: The Big Pig Mountain Bike Festival in Burns Lake has quickly become one of the premier trail-riding events in Northern B.C. each year, supporting local businesses and diversifying the economy in Burns Lake. Northern Development provided grant support to help make the event a success.
Photo credit: Bill Campbell

Right: Josef & Elke Karcher started their bed and breakfast business out of their great love of and connection to the outdoors. Overlooking the banks of the pristine Pine River and just 16 kilometres from the community of Chetwynd, it is the perfect place to sit back and relax while taking in spectacular views of nature and wildlife. **www.lovechetwynd.com**
Photo credit: Jessica Fairful

Northern Development's goal is to continuously excel as the leader in regional economic development. The Trust's focus on demonstrating best practices in client services, financial management, fund management, reporting and governance, steers the organization toward achieving its goals. 'Best practices' is a qualitative priority area, in which Northern Development seeks continuous improvement to enhance robust systems that promote efficiency.

Best practices mitigate risk while maximizing internal capacities. 2015 saw continued implementation of suggestions made by the board, staff, clients, auditors and a five-year review committee. They included enterprise resource software improvements (Catalyst), updates to investment policy and enhanced reporting to stakeholders.



Valemount, Prince George region | Photo credit: Paul Johnson

Photo and credit: City of Quesnel, Cariboo-Chilcotin/Lillooet region

CLIENT SATISFACTION SURVEYS AND STAKEHOLDER COMMUNICATION

Client satisfaction surveys are administered each year to solicit feedback on Northern Development programs and initiatives. 2015 surveys were provided to all projects that received a final payment or that were approved in 2015. The survey was, as with prior years, administered in the three broad categories: application intake, contracts and disbursements and overall experience. Northern Development received an overall approval rating of 99% in 2015, which was much higher than the annual target of 90%.

CONTINUOUS IMPROVEMENT

Further continuous improvement initiatives conducted in 2015 included board governance education, updates to finance operations, improvements to human resources processes to promote a strong culture and healthy working environment, and filing system improvements ensuring compatibility with Freedom of Information legislation. Northern Development will continue to work with stakeholders to enhance products and services over all facets of the organization that contribute to building a stronger north.

Northern Development's commitment to continuous improvement and ongoing refinement of best practices mitigates risk through the improvement of robust systems that ensure accuracy, diligence and timely feedback from stakeholders. Northern Development's operating budget has been consistent within 0.77% to 0.89% of the capital base between 2010 and 2015. To read Northern Development's strategic plan and other reports online, please visit: **www.northerndevelopment.bc.ca**

PUBLIC ACCOUNTABILITY AND REPORTING

Quarterly reports are made available to local governments every three months. These reports provide regional account balances, all year to date project approvals, total to date program commitments by region and a summary of combined investments from all accounts to date. Stakeholder feedback will continue to provide direction for enhancing this reporting.

STRONG INVESTMENT GOVERNANCE

Northern Development continues to improve upon its investment model. During 2015 Northern Development made a shift to work with a single investment manager Mawer Investment Inc. Mawer reports quarterly to the board of directors. The most current Statement of Investment Policy and Procedures, governing market investments and guiding the investment managers, is available for download on Northern Development's website.

Northwest region | Photo credit: Northern Development

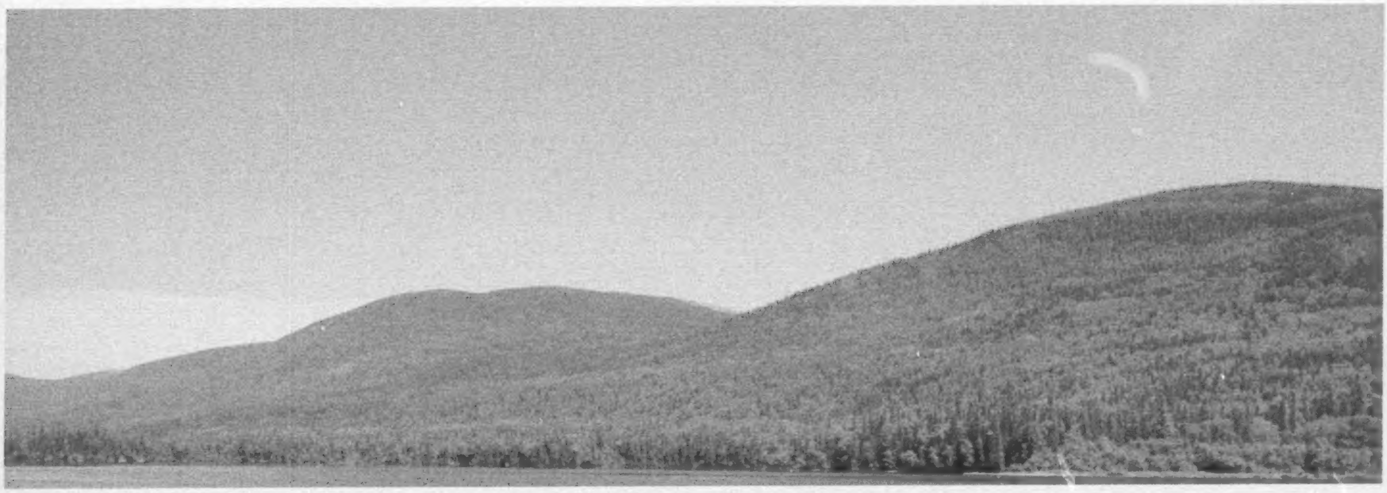
FIRST NATIONS SUPPORT

Northern Development continued to strengthen its relationships and support for First Nations communities throughout the region in 2015, providing $201,933.91 in grant funding to 9 projects. Those projects had a combined value of $1,328,855 for First Nations communities in 2015. They included the Chief William Mountain bike Trails project, Binche Keyoh Recreation Centre project and the Gingolx Longhouse project.

The Trust also provided communications support to First Nations in 2014. Building on the success of the Central Coast Regional District's 2014 communications plan, which the Trust provided, the Heiltsuk Tribal Council asked the Trust to work with them to formalize their communications processes and policies. As a result, the Trust's Director, Communications spent multiple days working with the Heiltsuk First Nation in Bella Bella and remotely in 2014, culminating in the delivery of a comprehensive communications plan for the Heiltsuk Tribal Council in 2015. The Trust also provided several communications workshops and strategy development support to the Kitselas First Nation throughout the year.

Funding was also used to provide grant writing support to 18 First Nations throughout the region, including: Xaxli’p First Nation, Takla Lake First Nation, Old Massett Village Council, Iskut First Nation, Ts’kw’aylaxw First Nation, Xeni Gwet’in Frist Nation, Nisga’a Lisims National Government, Soda Creek Indian Band, Stellat’en First Nation, Williams Lake Indian Band, Ashcroft Indian Band, Canim Lake Indian Band, T’it’q’et Administration, Prophet River First Nation and Skidegate Band Council. The $8,000 in funding that each community accessed allowed them to hire a locally based grant writer that provided each community with the capacity it needed to seek out additional funding opportunities and move important projects forward.

Since 2005, Northern Development has provided approximately $8.5 million in direct support to 222 First Nations projects throughout central and northern B.C. Those projects have resulted in an additional $35.2 million in investment in First Nations communities over the last decade.



Mackenzie/Morfee Lake, Prince George region | Photo credit: Alex Lytlowany

COMBINED FUNDING ALLOCATIONS INCREASE TRUST INVESTMENTS IN THE REGION

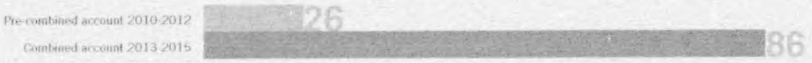
In 2012, the Trust combined the funding allocations for the communities it serves in an effort to increase the amount of investment in the region. At the time, the Northeast Regional Development Account already enjoyed the benefits of a combined funding allocation, so only the municipal and regional district allocations in the Northwest, Prince George and Cariboo-Chilcotin Lillooet regions were combined. The Skeena-Queen Charlotte Regional District, and the Village of Cache Creek have chosen to remain outside of the combined funding allocations at this time.

Since 2012, the total number of projects approved, funding approved and total project value has increased exponentially in each region with the combined approach. The total projects approved for funding out of the regional development accounts between 2013 and 2015 reached 296 compared with 92 between 2010 and 2012. As well, the total funding approved in the combined accounts reached $14.2 million between 2013 and 2015 compared with $2.9 million between 2010 and 2012. Finally, the total project value, representing the combined budgets for the Trust's investments in projects through the combined accounts, totalled $79.2 million between 2013 and 2015 compared with $34.9 million between 2010 and 2012.

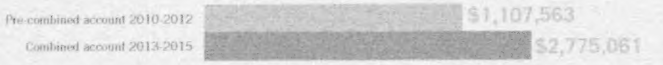
The charts on the next page show how the combined accounts have generated results in each of the regions. It's important to note that the combined accounts are only one reason for this increase in funding. At the same time, the maximum allowable grant from the Trust has increased to $250,000 from $100,000 and staff have increased proactive engagement with communities and non-profit organizations to identify potential funding projects where the Trust can add value. Still, the results between 2013 and 2015 show that the combined accounts not only increased the number of projects the Trust funds annually, but also the amount of funding the Trust invests in the region and the total amount of investment in the region. In short, the Trust is able to effectively invest in more projects and larger projects than ever before while still maintaining the sustainability of its regional development accounts.

Cariboo-Chilcotin/Lillooet Region Combined Account Comparison

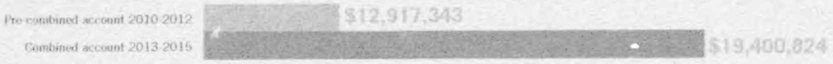
Total Projects Approved **231% ↑**



$ Funding Approved **151% ↑**

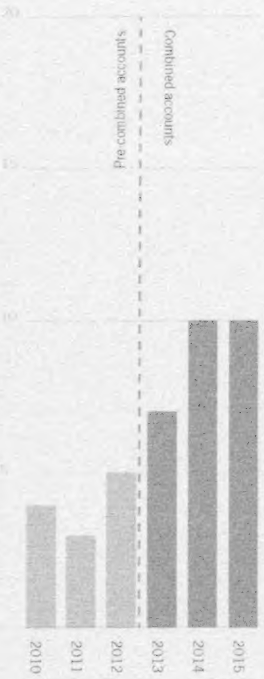


$ Total Project Value **50% ↑**



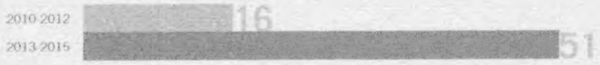
* Cariboo-Chilcotin/Lillooet DOES NOT include the 2011 North Cariboo Arena Replacement, $2M contributed to the $28M project.

Communities with Approved Projects

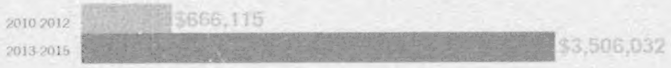


Northeast Region Combined Account Comparison

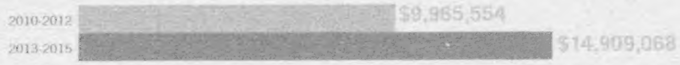
Total Projects Approved **219% ↑**



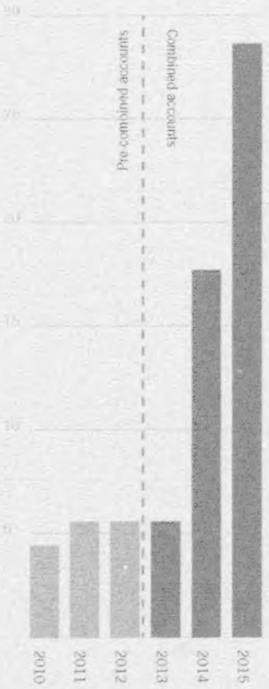
$ Funding Approved **426% ↑**



$ Total Project Value **50% ↑**



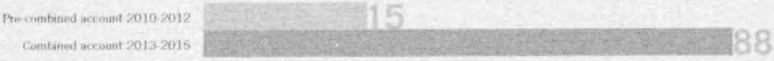
Communities with Approved Projects



Prince George Region Combined Account Comparison

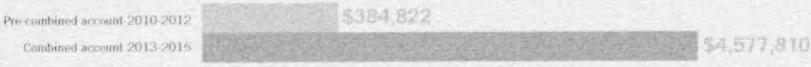
Total Projects Approved

487% ↑



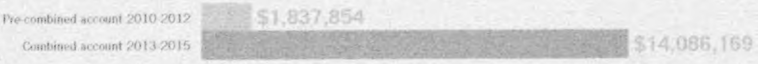
$ Funding Approved

1089% ↑



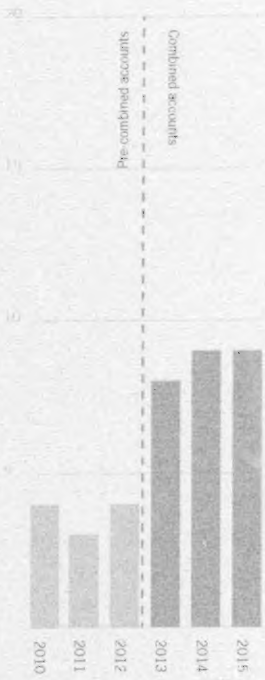
$ Total Project Value

666% ↑



* Prince George DOES NOT include the 2012 PG Community Revitalization Project, $6M contributed to the $6M project

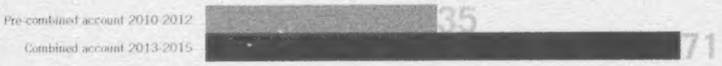
Communities with Approved Projects



Northwest Region Combined Account Comparison

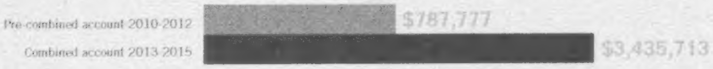
Total Projects Approved

103% ↑



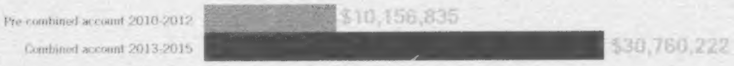
$ Funding Approved

336% ↑

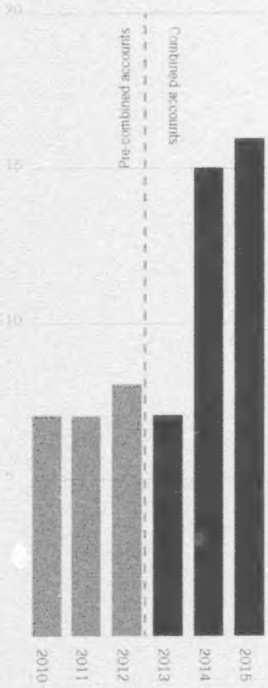


$ Total Project Value

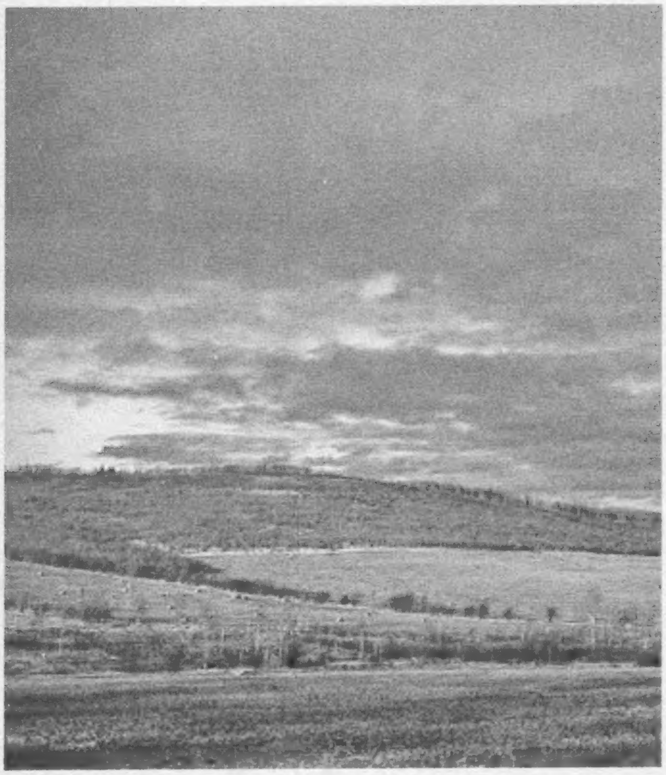
203% ↑

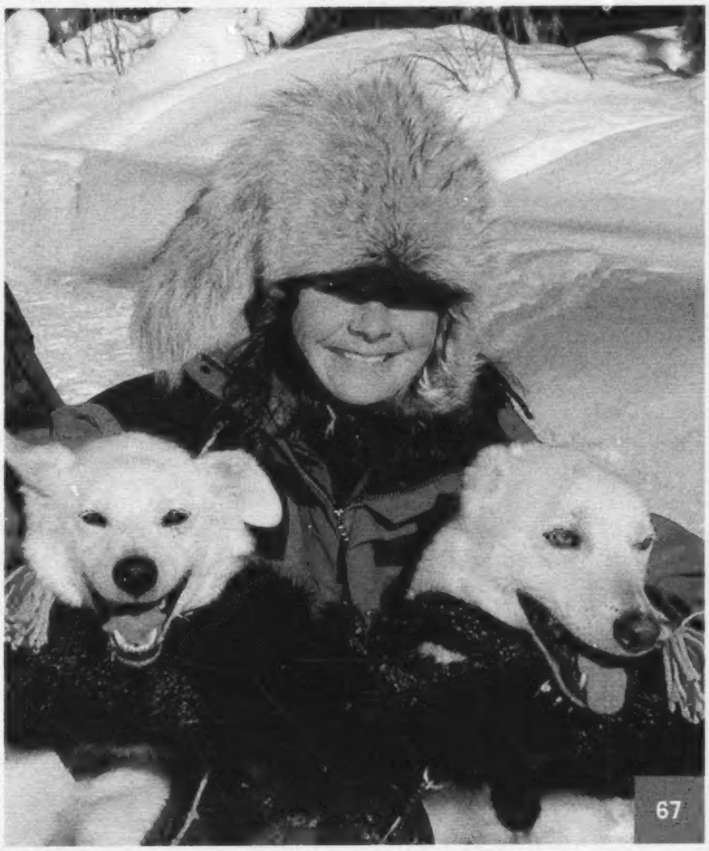


Communities with Approved Projects



2015 FUND BALANCES





Top: Corinna VanDoorselaere is the owner of Bradley's Bait & Tackle, famous the world over for its Bradley's Barbless Salmon Jigs, all hand-tied on-site by Bradley's team of Fisher Girls. You can even come watch them work! Learn more at **www.lovekitimat.com** | Photo Credit: Aaron Whitfield

Left: Dawson Creek, northeast region
Photo credit: David Laporte

Right: In spite of the fact that dogsledding is truly Canadian, most Canadians have never tried it. So, Amanda opened Cold Fire Creek Dogsledding, which offers guests and residents an authentic, hands-on, northern dogsledding experience in beautiful, snowy Valemount. **www.lovevalemount.com**
Photo credit: Paul Johnson

Haida Gwaii, northwest region | Photo credit: Jason Shafto

The 2015 year end investment account balance of Northern Development accounts was $237.9 million. Loans and interest receivable totalled a further $16.4 million, meaning the total capital balance of Northern Development was $254.3 million.

Northern Development's Statement of Investment Policies and Procedures provides direction from the board to investment managers. This manages risk and instills accountability. The Statement of Investment Policies and Procedures provides performance criteria to investment managers as the primary evaluation tool; current performance standards are that equity investments exceed the relevant index by 1.0%, and fixed income investments match the relevant index. Indexes are generally accepted standards against which the performance of a security or investment management firm can be measured. Indexes are usually composed of market equities and bonds, and the indexes identified in Northern Development's Statement of Investment policies and Procedures are provided below:

INVESTMENT TYPE	INDEX
International Equities	**Russell Global / MSCI World Net**
Canadian Equities	**S&P / Toronto Stock Exchange Composite (TSX)**
Fixed Income	**FTSE TMX Canada Universe**

Northern Development investment balances, by asset type and with performance to the relevant benchmark comparison, are as below:

	INVESTMENT MANAGER	Q4 BALANCE	*2015 PERFORMANCE TO BENCHMARK
Cash Equivalents	Mawer Investment	$14,923,456	---
Canadian Bond Pooled	Mawer Investment	$74,127,578	0.8%
Canadian Equity Pooled	Mawer Investment	$35,653,313	9.6%
Global Small Cap	Mawer Investment	$17,944,041	5.6%
Global Equities	Mawer Investment	$95,218,955	14.2%
Total		**$237,867,343**	
Regional Capital Investments (Loans)		$16,445,249	
Total		**$254,312,822**	

* Since inception with Mawer Aug 1, 2014

Northern Development's Statement of Investment Policies and Procedures also outlines what securities are eligible for investment, the asset mix between these securities, what constitutes conflict of interest and other guidelines and protocols. Investment managers are required to provide formal certification each quarter that investments remain within the mandate outlined in the Statement of Investment Policies and Procedures.

Northern Development works with a top tier performing investment manager to ensure returns to the region are maximized each year from a conservative balanced portfolio, and that the amount of funding available for projects remains at sustainable levels.

The portfolio return in 2015 was 11.96% net of investment management fees.

LEGISLATED INVESTMENT AREAS

Top: Lillooet/Joffre Lake, Cariboo-Chilcotin/Lillooet region
Photo credit: McKay Savage

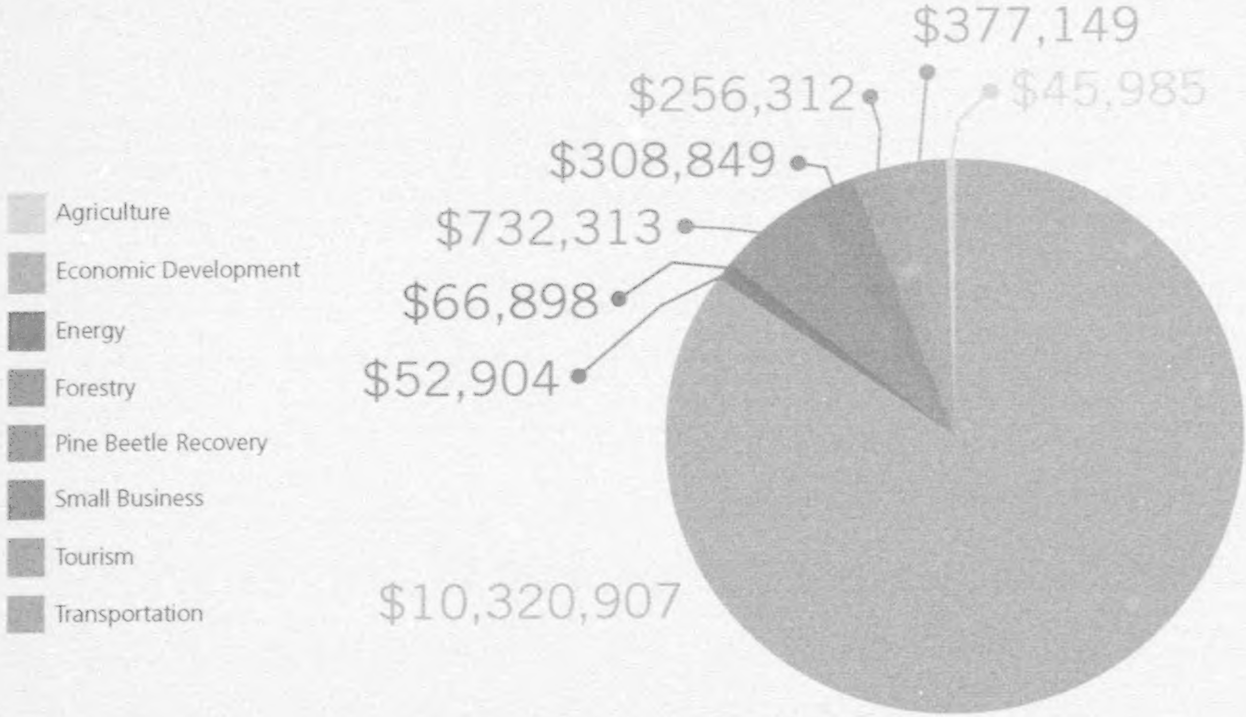
Left: Jim and Cairn Davies purchased their farmland more than two decades ago as an investment in their future. Terrace Heights Ranch & Farm, nestled in the sunny and fertile Thompson River Valley, produces more than a dozen varieties of garden produce. **www.loveashcroft.com**
Photo credit: Kelly Tuohey

Right: Northern Development approved $250,000 in funding for Geoscience BC to begin work on the first phase of the "Peace Project". The endeavor is aimed at gaining a better understanding of regional aquifers in northeast B.C., especially where limited water wells exist north of the Peace River.
Photo credit: Geoscience BC

Canola fields, Dawson Creek, northeast region | Photo credit: Peace Photographics

It was anticipated by the Northern Development Initiative Trust Act legislation that funds would be committed to specific investment mandates. These areas were outlined in the legislation to demonstrate that funding was for economic development activities across a variety of mandates.

The following pie chart shows Northern Development's investment in each of the legislated investment areas for 2015:



Financial Statements of

NORTHERN DEVELOPMENT INITIATIVE TRUST

Year ended December 31, 2015

KPMG LLP
Chartered Accountants
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada

Telephone (250) 563-7151
Fax (250) 563-5693
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Northern Development Initiative Trust

We have audited the accompanying financial statements of Northern Development Initiative Trust, which comprise the statement of financial position as at December 31, 2015, the statement of operations and fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northern Development Initiative Trust as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

February 17, 2016

Prince George, Canada

Northern Development Initiative Trust

Statement of Financial Position

As at December 31, 2015, with comparative information for 2014

	Unrestricted	Endowment	Restricted									Total	
	Operating	Operating Endowment Account	Invested in Tangible Capital Assets	Cross Regional	Pine Beetle Recovery	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Province of British Columbia	Other Trust Funds	2015	2014
ASSETS													
Current Assets													
Cash	$ 228,071	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,587,867	$ -	$ 8,815,938	$ 1,094,319
Miscellaneous receivables	97,982	-	-	-	-	-	-	-	-	-	70,639	168,621	158,478
Prepaid expenses	47,087	-	-	-	-	-	-	-	-	-	-	47,087	73,214
Current portion of loans receivable (Note 2)	-	-	-	1,078,000	1,200,000	11,732	369,001	94,700	133,923	-	84,564	2,971,920	5,721,484
Total Current Assets	373,140	-	-	1,078,000	1,200,000	11,732	369,001	94,700	133,923	8,587,867	155,203	12,003,566	7,047,495
Other Non-Current Assets													
Loans receivable (Note 2)	-	-	-	11,008,583	599,667	74,322	362,994	785,762	642,000	-	-	13,473,328	16,310,930
Investments (Note 3)	6,009,590	25,000,000	-	56,944,922	26,833,053	28,292,346	27,407,690	33,298,738	34,081,008	-	259,117	238,126,464	221,420,891
Tangible capital assets (Note 4)	-	-	130,690	-	-	-	-	-	-	-	-	130,690	131,827
TOTAL ASSETS	**$ 6,382,730**	**$ 25,000,000**	**$ 130,690**	**$ 69,031,505**	**$ 28,632,720**	**$ 28,378,400**	**$ 28,139,685**	**$ 34,179,200**	**$ 34,856,931**	**$ 8,587,867**	**$ 414,320**	**$ 263,734,048**	**$ 244,911,143**
LIABILITIES AND FUND BALANCES													
Current Liabilities													
Accounts payable and accrued liabilities (Note 5)	173,557	-	-	130,513	19,693	20,765	20,114	24,435	25,013	-	-	414,090	396,416
Current portion of loan repayable (Note 6)	-	-	-	-	-	-	-	-	-	-	84,564	84,564	3,495,432
Deferred revenue	17,500	-	-	-	-	-	-	-	-	-	-	17,500	151,210
TOTAL CURRENT LIABILITIES	191,057	-	-	130,513	19,693	20,765	20,114	24,435	25,013	-	84,564	516,154	4,043,058
Due to North Central Local Government Association	-	-	-	-	-	-	-	-	-	-	259,117	259,117	130,530.00
Loan repayable (Note 6)	-	-	-	-	-	-	-	-	-	-	-	-	84,564
TOTAL LIABILITIES	191,057	-	-	130,513	19,693	20,765	20,114	24,435	25,013	-	343,681	775,271	4,258,152
Fund Balances													
Endowment fund (Note 7)	-	25,000,000	-	-	-	-	-	-	-	-	-	25,000,000	25,000,000
Externally restricted - uncommitted	-	-	-	64,163,293	24,736,342	24,682,201	26,307,680	32,041,127	27,084,198	3,503,219	56,500	202,574,560	190,116,529
Externally restricted - committed (Schedule 1)	-	-	-	4,737,699	3,876,685	3,675,434	1,811,891	2,113,638	7,747,720	5,084,648	14,139	29,061,854	21,155,626
Invested in tangible capital assets (Note 8)	-	-	130,690	-	-	-	-	-	-	-	-	130,690	131,827
Unrestricted	6,191,673	-	-	-	-	-	-	-	-	-	-	6,191,673	4,249,009
TOTAL FUND BALANCES	6,191,673	25,000,000	130,690	68,900,992	28,613,027	28,357,635	28,119,571	34,154,765	34,831,918	8,587,867	70,639	262,958,777	240,652,991
Contingencies (Note 9)													
Commitments (Note 10)													
TOTAL LIABILITIES AND FUND BALANCES	**$ 6,382,730**	**$ 25,000,000**	**$ 130,690**	**$ 69,031,505**	**$ 28,632,720**	**$ 28,378,400**	**$ 28,139,685**	**$ 34,179,200**	**$ 34,856,931**	**$ 8,587,867**	**$ 414,320**	**$ 263,734,048**	**$ 244,911,143**

Approved by the Board:

______________________, Director

Northern Development Initiative Trust

Statement of Operations and Fund Balances

For the 12 months ended December 31, 2015, with comparative information for 2014

	Unrestricted	Endowment	Restricted									Total	
	Operating	Operating Endowment Account	Invested in Tangible Capital Assets	Cross Regional	Pine Beetle	Cariboo-Chilcotin Lillooet Regional Development	Northwest Regional Development	Northeast Regional Development	Prince George Regional Development	Province of BC	Other Trust Funds	2015	2014
REVENUE													
Investment income, net of fees (Note 3)	$ 776,742	$ -	$ -	$ 1,423,322	$ 672,771	$ 705,734	$ 684,562	$ 831,077	$ 852,363	$ (4,715)	$ -	$ 5,941,856	$ 7,047,656
Interest income - projects	-	-	-	347,526	146,322	895	49	22,444	2,696	6,851	-	526,783	572,809
Contributions	-	-	-	-	-	-	-	-	-	9,800,000	-	9,800,000	1,000,000
Net unrealized gains	2,716,184	-	-	4,881,118	2,374,589	2,437,070	2,329,309	2,815,385	2,930,444	56,684	-	20,540,783	20,921,360
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial services revenue	163,901	-	-	-	-	-	-	-	-	-	-	163,901	-
TOTAL REVENUE	3,656,827	-	-	6,651,966	3,193,682	3,143,699	3,013,920	3,668,906	3,785,503	9,858,820	-	36,973,323	29,541,825
EXPENSE													
ADMINISTRATION EXPENSES													
Amortization	-	-	60,073	-	-	-	-	-	-	-	-	60,073	75,412
Direct project expenses	-	-	-	63,116	6,717	-	-	-	-	-	105	69,938	87,023
General administration	129,672	-	-	-	-	-	-	-	-		-	129,672	209,025
S/C, fees, dues, licences	3,378	-	-	-	-	-	-	-	-	(51)	-	3,327	11,784
Office expense	161,580	-	-	-	-	-	-	-	-	-	-	161,580	157,369
Professional services	147,909	-	-	-	-	-	-	-	-	-	-	147,909	127,529
Rentals and maintenance	47,541	-	-	-	-	-	-	-	-	-	-	47,541	54,009
Office supplies	22,266	-	-	-	-	-	-	-	-	(202)	-	22,064	27,852
Salaries and benefits	1,049,742	-	-	-	-	-	-	-	-	-	-	1,049,742	919,159
TOTAL ADMINISTRATION EXPENSES	1,562,088	-	60,073	63,116	6,717	-	-	-	-	(253)	105	1,691,846	1,669,162
BOARD and RAC EXPENSES													
Board Costs	52,954	-	-	-	-	-	-	-	-	-	-	52,954	45,273
RAC - Northeast	3,874	-	-	-	-	-	-	-	-	-	-	3,874	1,956
RAC - Prince George	3,407	-	-	-	-	-	-	-	-	-	-	3,407	1,815
RAC - Cariboo-Chilcotin/Lillooet	8,503	-	-	-	-	-	-	-	-	-	-	8,503	5,091
RAC - Northwest	8,651	-	-	-	-	-	-	-	-	-	-	8,651	10,729
TOTAL BOARD and RAC EXPENSES	77,389	-	-	-	-	-	-	-	-	-	-	77,389	64,864
TOTAL ADMINISTRATION COSTS	**1,639,477**	-	**60,073**	**63,116**	**6,717**	-	-	-	-	**(253)**	**105**	**1,769,235**	**1,734,026**
Database development	-	-	-	-	-	-	-	-	-	-	-	-	-
Website consulting	-	-	-	-	-	-	-	-	-	-	-	-	14,768
Catalyst conversion	15,750	-	-	-	-	-	-	-	-	-	-	15,750	-
TOTAL INCREMENTAL PROJECT EXPENSES	15,750	-	-	-	-	-	-	-	-	-	-	15,750	14,768
Grants and loans (Schedule 1)	-	-	-	3,024,510	1,952,083	960,242	1,283,270	792,526	1,550,989	2,111,415	47,469	11,722,504	5,667,524
Less: repayable portion	-	-	-	-	-	(77,649)	(32,709)	-	(158,017)	-	-	(268,375)	(22,610)
Write down of loan receivable	-	-	-	-	1,428,423	-	-	-	-	-	-	1,428,423	
NET GRANTS	-	-	-	3,024,510	3,380,506	882,593	1,250,561	792,526	1,392,972	2,111,415	47,469	12,882,552	5,644,914
TOTAL EXPENSES	**1,655,227**	-	**60,073**	**3,087,626**	**3,387,223**	**882,593**	**1,250,561**	**792,526**	**1,392,972**	**2,111,162**	**47,574**	**14,667,537**	**7,393,708**
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	**2,001,600**	-	**(60,073)**	**3,564,340**	**(193,541)**	**2,261,106**	**1,763,359**	**2,876,380**	**2,392,531**	**7,747,658**	**(47,574)**	**22,305,786**	**22,148,117**
FUND BALANCES, BEGINNING OF YEAR	4,249,009	25,000,000	131,827	65,336,652	28,806,568	26,096,529	26,356,212	31,278,385	32,439,387	840,209	118,213	240,652,991	218,504,874
Interfund transfers (Note 11)	-	-	-	-		-	-	-	-	-	-	-	-
Investment in tangible capital assets (Note 8)	(58,936)	-	58,936	-	-	-	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	**$ 6,191,673**	**$ 25,000,000**	**$ 130,690**	**$ 68,900,992**	**$ 28,613,027**	**$ 28,357,635**	**$ 28,119,571**	**$ 34,154,765**	**$ 34,831,918**	**$ 8,587,867**	**$ 70,639**	**$ 262,958,777**	**$ 240,652,991**

NORTHERN DEVELOPMENT INITIATIVE TRUST

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	$ 22,305,786	$ 22,148,117
Items not involving cash:		
Amortization	60,073	75,412
Net unrealized gains	(20,540,783)	(20,921,360)
Accrued interest on loans receivable	(455,037)	(689,868)
Write down of loan receivable	1,428,421	-
	2,798,460	612,301
Change in non-cash operating working capital:		
Miscellaneous receivables	(10,143)	(17,463)
Prepaid expenses	26,127	(2,959)
Accounts payable and accrued liabilities	17,677	11,768
Deferred revenue	(133,710)	151,210
	2,698,411	754,857
Financing:		
Repayment of loan repayable	(3,495,432)	(4,066,766)
Investing:		
Investments	3,835,211	(1,257,179)
Repayment of loans receivable	4,994,670	5,417,977
Advance on loans receivable	(380,892)	(22,610)
Acquisition of tangible capital assets	(58,936)	(49,690)
Due to North Central Local Government Association	128,587	130,530
	8,518,640	4,219,028
Increase in cash	7,721,619	907,119
Cash, beginning of year	1,094,319	187,200
Cash, end of year	$ 8,815,938	$ 1,094,319

See accompanying notes to financial statements.

Nature of operations:

Northern Development Initiative Trust (the "Trust"), a not-for-profit organization incorporated under the Northern Development Initiative Trust Act, operates primarily to be a catalyst for Northern B.C. and grow a strong diversified economy by stimulating sustainable economic growth through strategic and leveraged investments.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Trust's significant accounting policies are as follows:

(a) Restricted fund method of accounting:

The Trust follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Trust's general activities.

The Restricted Funds are comprised of the Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account, Prince George Regional Development Account and Province of British Columbia Account and report contributions restricted to activities outlined in their respective strategic plans. The Other Trust Funds are comprised of the Western Economic Diversification Community Adjustment Fund, Young Innovator Scholarship Fund, New Relationship Trust Fund and Northwest Powerline Fund and report contributions restricted to activities outlined in their respective strategic plans.

The Operating Endowment Account reports restricted resources contributed for endowment. Investment income earned on endowment resources is used for purposes prescribed in the Northern Development Initiative Trust Act.

(b) Investments:

Investments are recorded at fair value. The difference between historical cost and fair value is recorded as an unrealized gain or loss and recorded in the excess (deficiency) of revenue over expenditures in the period in which the difference occurred. Gains and losses realized during the year are computed using the average cost method and recognized directly in the excess (deficiency) of revenue over expenditures.

1. Significant accounting policies (continued):

(c) Tangible capital assets:

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Assets acquired under capital lease are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital asset no longer contributes to the Trust's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer hardware	33%
Computer software	100%
Furniture and fixtures	20%
Leasehold improvements	20%
Vehicles	20%

(d) Externally restricted - uncommitted funds:

Uncommitted externally restricted funds represent funds not committed at year end to specific project proposals.

(e) Externally restricted - committed funds:

Committed externally restricted funds represent funds at year end for specific project proposals that have been approved by the Board of Directors and the cash disbursement will not occur until a future date after year end once the conditions of the signed funding agreement are met.

1. Significant accounting policies (continued):

(f) Revenue recognition:

Externally restricted contributions received for the Cross Regional Account, Pine Beetle Recovery Account, Cariboo-Chilcotin Lillooet Regional Development Account, Northwest Regional Development Account, Northeast Regional Development Account, Prince George Regional Development Account and Other Trust Funds are recognized as revenue in the year received. All other externally restricted contributions received are recognized in the Operating Fund as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized to the extent received or receivable.

(g) Grants and repayable grants:

Grants and repayable grants awarded by the Trust are recognized when the conditions of the signed funding agreement are met and funds have been disbursed.

(h) Income taxes:

No provision has been made for income taxes in these financial statements as the Trust is exempt under Paragraph 149(1)(c) of the Income Tax Act.

(i) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies, and that have not been hedged, are translated into Canadian dollars at the rates of exchange in effect at the statement of financial position date. Other assets, liabilities and items affecting earnings are translated into Canadian dollars at rates of exchange in effect at the date of the transaction. Gains or losses arising from these foreign currency transactions are included in the determination of income.

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of loans receivable. Actual results could differ from those estimates.

(k) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Trust determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Trust expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

2. Loans receivable:

	2015	2014
Cross Regional Development Account - Prince George. Interest only payments with interest calculated at bank prime rate (December 31, 2015 - 2.7%). Repayable in annual installments in the next five years of $1,572,751 in 2016, $1,537,812 in 2017, $1,503,760 in 2018, $1,469,707 in 2019, and $1,436,168 in 2020. Principal payments commenced in 2015.	$ 12,086,583	$ 12,612,087
Pine Beetle Recovery Account. Repayable in a final annual installment of $1,799,667 in 2016, including interest at 6.8%. The loan is secured by specific property, assignment of life insurance, and personal guarantee.	1,799,667	3,110,103
Cariboo-Chilcotin Lillooet Regional Development Account. Repayable in annual installments in the next five years of $13,966 in 2016, $13,863 in 2017, 2018 and 2019, and $8,031 in 2020, including interest between 0.0% and 3.7%.	86,053	33,928
Northwest Regional Development Account. Repayable in annual installments of $369,935 in 2016, $339,487 in 2017, $9,092 in 2018 and 2019, and $7,092 in 2020, including interest between 0.0% and 2.7%.	731,996	1,062,082
Northeast Regional Development Account. Repayable in annual installments in the next five years of $115,237 in 2016, $115,217 in 2017, $111,400 in 2018 and 2019, and $367,200 in 2020, including interest between 0.0% and 4.0%.	880,462	973,253
Western Economic Diversification Community Adjustment Fund. Repayable in a final installment of $85,355 in 2016, including interest at 3.75%.	84,564	3,579,997
Prince George Regional Development Account. Repayable in annual installments in the next five years of $133,923 in 2016 and 2017, $130,055 in 2018, 2019, and 2020, non-interest bearing.	775,923	660,964
	16,445,248	22,032,414
Current portion of loans receivable	(2,971,920)	(5,721,484)
	$ 13,473,328	$ 16,310,930

3. Investments:

The Trust's investments are held with Mawer Investment Management Ltd. at fair value.

	2015	2014
Cash equivalents:		
Mawer Canadian Money Market	$ 14,939,581	$ 11,595,287
Fixed income balances:		
Mawer Canadian Bond Pooled Fund	74,208,188	67,610,578
Equity balances:		
Mawer Canadian Equity Pooled Fund	35,692,230	38,497,612
Mawer Small Cap Fund	17,963,757	15,377,979
Mawer Global Equity Series	95,322,708	88,339,435
	148,978,695	142,215,026
	$ 238,126,464	$ 221,420,891

Investment income is presented net of management fees charged for the year ended December 31, 2015 of $687,227 (2014 - $700,267).

4. Tangible capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Computer hardware	$ 237,347	$ 210,579	$ 26,768	$ 46,064
Computer software	155,421	154,552	869	869
Furniture and fixtures	144,335	131,997	12,338	23,778
Leasehold improvements	58,743	26,411	32,332	37,985
Vehicles	116,066	57,683	58,383	23,131
	$ 711,912	$ 581,222	$ 130,690	$ 131,827

5. Accounts payable and accrued liabilities:

	2015	2014
Trade payables and accrued liabilities	$ 373,193	$ 360,624
Payroll and withholding taxes	40,897	35,792
	$ 414,090	$ 396,416

6. Loan Repayable:

The loan repayable relates to the Western Economic Diversification Community Adjustment Fund and will be repaid under the same terms as detailed for the loan receivable in Note 2.

7. Endowment fund:

The Endowment Fund was established to receive proceeds of $25,000,000 from the Government of British Columbia pursuant to terms of the Northern Development Initiative Trust Act ("NDIT Act"). Interest or other income earned from the money invested may be used to cover operating expenditures incurred by the directors and officers of the Trust to perform their obligations under the NDIT Act. Income earned on the endowment is recorded fully in the Operating Fund. Included in operations is investment income of $776,742 (2014 - $954,954) and net unrealized gains of $2,716,184 (2014 - $2,840,951) for the year ended December 31, 2015.

8. Invested in tangible capital assets:

Invested in tangible capital assets is calculated as follows:

	2015	2014
Opening balance	$ 131,827	$ 157,549
Acquisition of tangible capital assets	58,936	49,690
Amortization	(60,073)	(75,412)
	$ 130,690	$ 131,827

9. Contingencies:

The Trust is contingently liable as guarantor of loans with unrelated parties in the amount of $1,458,283 (2014 - $1,787,889).

The Trust has a demand credit facility for standby letters of credit authorized to $15,000,000, secured by a general security agreement placing a first-priority interest in all present and future property of the Trust. As at December 31, 2015 there were two letters of credit issued for a total of $3,750,000 expiring between May and December 2016.

10. Commitments:

The Trust leases premises under a lease which expires May 2019 and certain computer and office equipment. The minimum lease payments in each of the next four years are:

2016	$	131,600
2017		131,600
2018		131,600
2019		54,833
	$	449,633

11. Interfund transfers

		2015		2014
Transfers from the Operating Fund to the Pine Beetle Recovery Account:				
Loan repayment	$	-	$	1,000,000
Transfers from the Operating Fund to the Invested in Tangible Capital Assets Fund:				
Acquisition of tangible capital assets		58,936		49,690
	$	58,936	$	1,049,690

12. Financial risks and concentration of credit risk:

(a) Currency risk:

The Trust is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, the Trust purchases investments denominated in foreign currency. The Trust does not currently enter into forward contracts to mitigate this risk. There has been no change to the risk exposure from 2014.

(b) Market risk:

The Trust derives revenue from its cash equivalents, equity and fixed income investments which are subject to market fluctuations. The Trust employs investment diversification to manage this risk.

(c) Credit risk:

The Trust is exposed to credit risk from the possibility that borrowers may default on their obligations. Management attempts to mitigate this risk by ensuring that proper due diligence is performed before funding is committed.

(d) Liquidity risk:

Liquidity risk is the risk that the Trust will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Trust manages its liquidity risk by monitoring its operating requirements. The Trust prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure from 2014

(e) Interest rate risk:

The Trust's fixed income securities and certain loans receivable are subject to interest rate risk. Rising interest rates may cause a decrease in the value of these securities. The Trust employs investment diversification to manage this risk.

13. Employee future benefits:

The Trust, and its employees, contribute to the BC Public Service Pension Plan (the "Plan"), a jointly trusteed pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 56,100 active members and approximately 43,400 retired members. Active members include approximately 85 contributors from the provincial government, crown corporations, government agencies and not-for-profit organizations.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation was performed as at March 31, 2014. The valuation shows an improvement in the actuarial position for the Basic Account, from a liability of $275 million as at March 31, 2011, to a surplus of $202 million as at March 31, 2014. The actuary does not attribute portions of the surplus to individual employers. Consequently, the Trust's share of this surplus cannot be determined. The main reasons for the improvement in the actuarial position are that the investment returns were higher than were assumed and there were changes in the demographic assumptions. The Trust paid $90,514 (2014 - $79,269) for employer contributions to the Plan during the year.

Northern Development Initiative Trust

SCHEDULE 1

Schedule of Externally Restricted - Committed Funds

Year ended December 31, 2015

		Grants and loans		2015	2014
Account	**Total Funding Approved**	**2015 Disbursements**	**2014 Disbursements**	**Outstanding Commitments**	**Outstanding Commitments**
Cross Regional Account	$ 33,118,733	$ 3,024,510	$ 1,846,602	$ 4,737,699	$ 3,794,325
Pine Beetle Recovery Account	24,379,527	1,952,083	1,055,557	3,876,685	2,740,303
Cariboo-Chilcotin/Lillooet Regional Development Account	10,832,110	960,242	490,132	3,675,434	3,380,558
Northwest Regional Development Account	13,454,333	1,283,270	437,085	1,811,891	2,145,301
Northeast Regional Development Account	7,282,969	792,526	917,376	2,113,638	1,659,962
Prince George Regional Development Account	16,120,910	1,550,989	820,671	7,747,720	7,435,177
Province of British Columbia	7,898,277	2,111,415	84,851	5,084,648	-
Other Trust Funds	30,482,727	47,469	15,250	14,139	-
TOTAL	**$ 143,569,585**	**$ 11,722,504**	**$ 5,667,524**	**$ 29,061,854**	**$ 21,155,626**

Prince George region | Photo credit: Bell and Jeff

INVESTMENT MANAGERS

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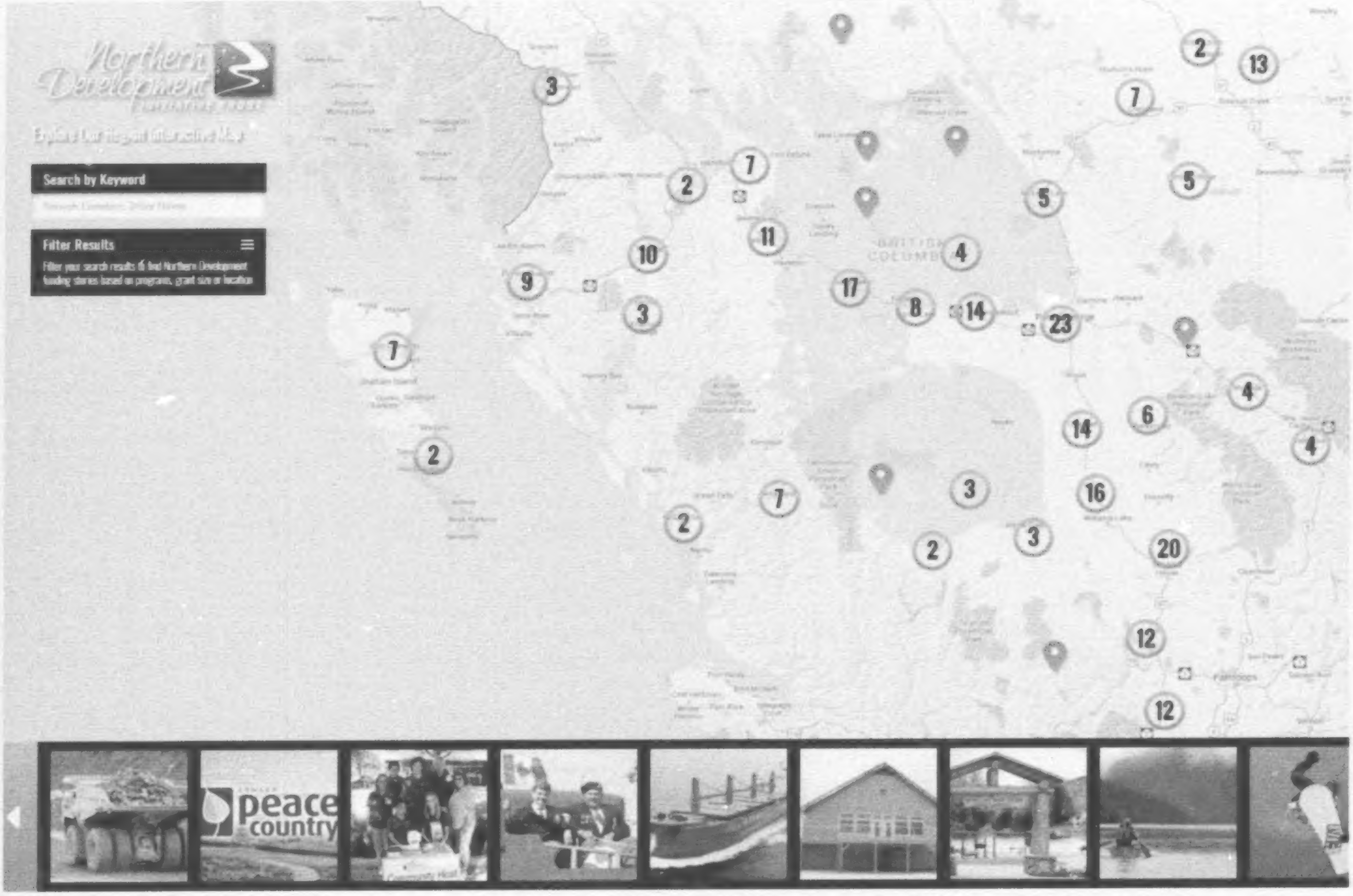
Corporate Services Coordinator



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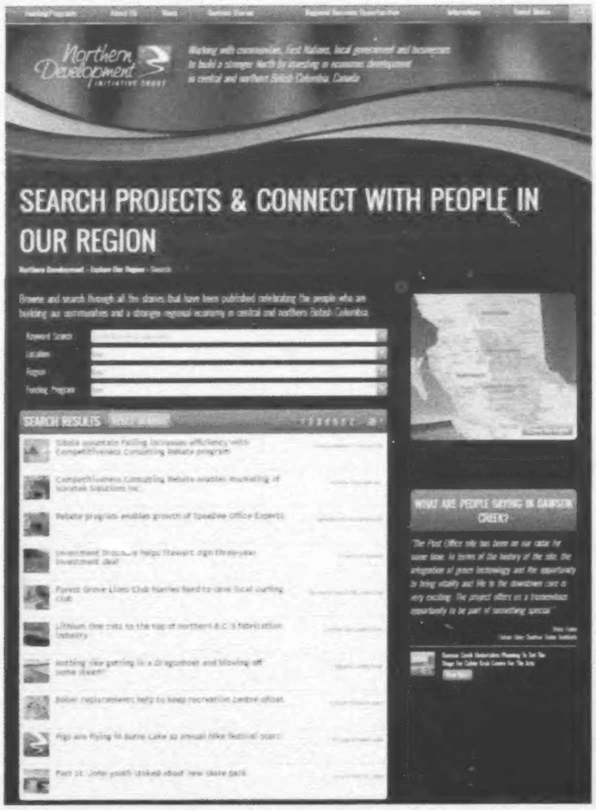

Working with communities, First Nations, local government and businesses to build a stronger North by investing in economic development in central and northern British Columbia, Canada

SEARCH PROJECTS & CONNECT WITH PEOPLE IN OUR REGION

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Browse and search through all the stories that have been published celebrating the people who are building our communities and a stronger regional economy in central and northern British Columbia.

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- Rebate program enables growth of Speedee Office Experts
- Investment brochure helps Stewart sign three-year investment deal
- Forest Grove Lions Club hurries hard to save local curling club
- Lithium One rises to the top of northern B.C.'s fabrication industry
- Nothing like getting in a Dragonboat and blowing off some steam!!
- Boiler replacement help to keep recreation centre afloat
- Pigs are flying in Burns Lake as annual bike festival soars
- Fort St. John youth stoked about new skate park

WHAT ARE PEOPLE SAYING IN DAWSON CREEK?

"The Post Office site has been on our radar for some time. In terms of the history of the site, the integration of green technology and the opportunity to bring vitality and life to the downtown core is very exciting. The project offers us a tremendous opportunity to be part of something special."

Northern Development
INITIATIVE TRUST

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